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Agence France-Presse

U.S President Barack Obama speaking in Singapore on Sunday during the APEC summit. He is facing challenges on trade, human-rights, security and environmental issues.

U.S. to press China on key issues

Halfway through Asian tour, Obama confronts the limits of engagement and personal charm

By Jonathan Weisman

SHANGHAI — President Barack Obama arrived here Sunday night to press China on issues from climate change to economic restructuring, amid rising concerns that his first swing through Asia as president will yield more disappointment than progress on trade, human rights, national security and environmental concerns.

A flurry of actions over the weekend raised more questions than they resolved on a broad swath of issues confronting both sides of the Pacific.

On Sunday, leaders of the Asia-Pacific Economic Cooperation forum dropped efforts to reach a binding international climate-change agreement in Copenhagen next month, settling instead for what they called a political framework for future negotiations. Mr. Obama became the first president to meet with the entire Association of Southeast Asian Nations, including the military junta of Myanmar, and White House officials say he personally demanded the country's leaders release political prisoners, including opposition leader Aung San Suu Kyi. But Mr. Obama failed to secure any mention of political prisoners in an Asean communique.

The U.S. and Russia now appear unlikely to complete a nuclear-arms-reduction accord by Dec. 5, when the current Strategic Arms Reduction Treaty expires. Mr. Obama met for closed-door consultations with Russian President Dmitry Medvedev, but National Security Council Russia specialist Michael McFaul said major issues remain, and the two countries are working out a "bridging agreement" to extend previous arms ratification rules.

On trade, the U.S. president committed this weekend to "re-engage" the Trans Pacific Partnership, a fledgling free-trade alliance with smaller countries in the region. But a presidential shift

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Innolux overtakes rival AU Optronics

By Charmian Kok And Perris Lee Choon Siong

TAIPEI—Computer-monitor maker **Innolux Display** Corp. agreed to acquire **Chi Mei Optoelectronics** Corp. in a 172 billion New Taiwan dollar ($5.3 billion) all-stock deal that extends the reach of Taiwanese technology manufacturing tycoon Terry Gou.

The purchase of Chi Mei, announced Saturday, marks the second acquisition in less than two months for Innolux, which leads the world in shipments of flat-panel computer monitors. The deal, a 26% premium to Chi Mei's market value based on Friday's closing prices, reflects intensifying competition among Asia's major producers of liquid-crystal-display panels used in TV sets and flat-screen monitors. The rivalry is especially heated among Taiwanese and South Korean companies, which are scrambling to increase their share in the rapidly growing Chinese market.

Innolux was founded six years ago by Mr. Gou, who also is founder and chairman of Taiwan-based **Hon Hai Precision Industry** Co., the world's biggest contract manufacturer by revenue. Mr. Gou is the largest single shareholder in Innolux, and he, Hon Hai and other related interests together own about 24% of the display maker. Hon Hai, which uses the trade name Foxconn, started out making

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4 p.m. ET

MARKET	CLOSE	PCT CHG
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Hang Seng	22553.63	+0.70
DJ CBN 600	28476.70	+0.69
DJ Asia Pacific	120.82	+0.43
FTSE 100	5296.38	+0.38
DJIA	10270.47	+0.72
Yen vs. $	¥89.68	-0.91
Nymex crude	$76.35	-0.77

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India plans solar projects

Government aims to increase subsidies as part of new policy

By Amol Sharma

NEW DELHI—India plans to announce increased subsidies for solar-power generation, a senior government official said, as the country looks to scale up production of renewable energy and show it is committed to mitigating climate change.

India's Ministry of New and Renewable Energy is expected to release details of the latest solar-power policy in the next several weeks. In an interview, Dr. B. Bhargava, a director in the agency, said the plans will increase significantly the number of solar projects that can receive government support.

The hope, Mr. Bhargava said, is that the new policy will encourage manufacturers of solar panels such as **Moser Baer India** Ltd. and **Tata BP Solar India** Ltd. to ramp up production, thereby reducing per-unit costs and driving down the high price of solar power.

It is currently about five times as expensive to generate solar power than oil-based power. "If the costs aren't reduced, this [subsidy] policy can't be sustained on a long-term basis," Mr. Bhargava said.

India's revision of its solar policies comes ahead of a global climate-change conference at Copenhagen in December. Developing countries such as India are under pressure to show greater commitments to controlling greenhouse-gas emissions.

Climate change will be among the issues on the agenda when Indian Prime Minister Manmohan Singh visits the White House next week.

India currently generates a tiny fraction of its power from solar energy. Coal accounts for more than half of the country's power capacity, and wind makes the biggest contribution among renewable sources, which together provide about 7.5% of India's energy.

Reuters

Prime Minister Manmohan Singh will soon be visiting the U.S.

Solar power is promising, because sunlight is abundant everywhere, unlike wind and hydro power, which are better for only some regions. The government's new policy is aimed at increasing solar-power generation to 20,000 megawatts by 2020 from three megawatts. "The potential is infinite with solar," Mr. Bhargava said.

India's existing policy supports a modest amount of solar-power capacity—50 megawatts—with subsidies of up to 25 cents per kilowatt hour. Mr. Bhargava said that program is already "fully subscribed" and will be expanded substantially through the new policy, though he declined to offer specifics. He said the new guidelines also will streamline the process for solar-power developers to collect subsidies and payments from state utilities.

The major challenge for scaling up solar power has been providing the start-up capital to create demand. Many state electricity boards—which purchase power from generating companies and sell it to consumers—are in shaky financial positions. But Mr. Bhargava said the central government will take on most of the costs of the solar program in the early going. "Initially, we'll have no choice but to do that for a few years," he said.

Beyond expanding solar power, India has pledged in a "national action plan" on climate change to pursue a range of other measures, from increased fuel-efficiency in automobiles to more-efficient consumer appliances.

The U.S. and other developed countries have sought to persuade India to accept mandatory curbs on greenhouse-gas emissions. "Developing countries can't say 'this isn't my problem' ... because most of the increase in carbon emissions in the future will be from developing countries," said U.S. Secretary of Energy Steven Chu, who was in India last week to meet with government officials.

But India has resisted, arguing that its per-capita emissions are still well below those of developed countries. Indian officials and corporate executives say they don't want to put the brakes on economic growth and make it harder to provide electricity to 400 millions Indians who aren't on the national grid.

Mr. Chu said India and the U.S. are exploring ways to combine efforts on basic research into new green technologies. He said India could be severely affected by receding glaciers and changing weather patterns if climate change isn't addressed urgently in coming years.

He added that India will have no choice but to look beyond coal to alternative-energy sources as its population swells. India already faces a shortfall of power—with capacity about 12% below demand during peak hours—and demand is expected to increase five-fold by 2030, according to a recent McKinsey & Co. report.

Reuters

Thailand's Prime Minister Abhisit Vejjajiva, at the APEC summit in Singapore on Saturday, said he expects his country to return to economic growth next year.

Thai prime minister weighs early elections

By Costas Paris And Jenny Paris

SINGAPORE—Thailand's Prime Minister Abhisit Vejjajiva said he is likely to call early elections after the economy has recovered.

"The likelihood is that there will be early elections once the economy is firmly grounded," Mr. Abhisit said Saturday. "The early poll could be called any time," he said, declining to specify a time frame.

Calling early polls would help legitimize the rule of Mr. Abhisit, who was selected by Thailand's Parliament late last year after army leaders helped broker the formation of a new coalition government. If Mr. Abhisit's Democrat Party and its coalition allies secure a majority in Parliament, it could help turn down the heat on years of turmoil in the country, which is split between supporters and critics of Thaksin Shinawatra, the former prime minister and telecommunications magnate.

Since being ousted in a military coup in 2006, Mr. Thaksin has rallied his supporters from overseas, where he is evading imprisonment on a conflict-of-interest conviction. He continues to deny the charges.

Last week, he visited neighboring Cambodia, and dozens of supporters crossed the border to meet with him. Relations between historic rivals Thailand and Cambodia further soured when Cambodian Prime Minister Hun Sen appointed Mr. Thaksin as his economic adviser, and the two countries have recalled their ambassadors over the incident. Mr. Thaksin left Cambodia on Saturday aboard his private jet.

Mr. Abhisit said Mr. Thaksin still has "a lot of support, but he should accept the consequences of his actions and take responsibility for breaking the law."

Speaking on the sidelines of the Asia-Pacific Economic Cooperation forum in Singapore, Mr. Abhisit said he expects Thailand's export-driven economy to contract 3% to 3.5% this year as it absorbs the full impact of the global financial crisis, but said a rebound is likely next year. Growth of 3.5% can be achieved, Mr. Abhisit said.

Mr. Abhisit said he will continue to help exporters nurture that recovery and suggested he believes that the Bank of Thailand, Thailand's central bank, won't raise interest rates any time soon and put further upward pressure on the baht.

The weakening U.S. dollar was a recurring theme at the APEC talks, especially the way China's yuan has tracked the dollar lower to undermine Asia's other export-led economies.

Thailand's central bank is among many in Asia selling their currencies for dollars in recent months.

—James Hookway in Bangkok contributed to this article.

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Najib says pace of reform likely to slow

Malaysia is committed to opening the economy to more competition in the long term, prime minister says

By Patrick Barta

SINGAPORE—The pace of social and economic reform in Malaysia is likely to slow over the coming months but the country remains committed to opening its heavily regulated economy to more competition in the long term, Prime Minister Najib Razak said Friday.

In a rare private interview, Mr. Najib said that steps he has taken since assuming power in April, including relaxing rules for foreign investment in business services and tourism, are "quite unprecedented" for Malaysia.

But more dramatic overhauls, including changes to a race-based political system that reserves ownership of much of Malaysia's economy for ethnic Malays, will likely have to wait.

"For the next few months, we want to deliver what we have promised" rather than focus on big new reforms, he said. Short-term efforts will include achieving "performance indicators" announced this year to curb crime and improve government services and infrastructure—a program Mr. Najib hopes will bolster the popularity of his government.

"I need the political support, I need the political base" if more dramatic reform is to be achieved, said the premier, who rose to the job as head of his party after his predecessor stepped down.

Mr. Najib said he would like to promote industries such as Islamic finance.

Like many emerging economies in Asia, Malaysia has seen its export-oriented economic model—it is Asia's third-most trade-dependent economy after Hong Kong and Singapore—suffer badly over the past year. Growth contracted sharply in the first half of the year, and while there have been signs of a recovery, Malaysia's position as one of Asia's manufacturing hubs faces increasingly tough competition from China and Vietnam, where wages are often cheaper.

Malaysia also faces rising political discord after years of stability, with deep dissatisfaction over its affirmative-action program. Established in the 1970s to help put 30% of the economy in the hands of ethnic Malays, who make up 60% of Malaysia's 27 million people, the program has left many ethnic Chinese and Indian residents feeling disadvantaged.

Dissatisfaction, led by opposition leader Anwar Ibrahim, spread last year, and the governing National Front coalition—which has ruled Malaysia since 1957—lost its long-held two-thirds majority in Malaysia's parliament. That forced former Prime Minister Abdullah Ahmad Badawi to accelerate a handover of power to Mr. Najib, his deputy.

The soft-spoken, British-educated son of Malaysia's second prime minister surprised many investors by moving quickly to placate critics when he took office in April, despite having a reputation as a defender of Malay privilege. Mr. Najib's government relaxed rules requiring companies to allocate 30% of their equity to Malays when listing on the Kuala Lumpur Stock Exchange, and eliminated the need for foreigners to take ethnic Malay partners in certain sectors such as health and tourism.

"I read the signals from the last general election, and a responsible government has to respond," Mr. Najib said in the interview Friday, held between meetings at the Asia-Pacific Economic Cooperation summit in Singapore. "I've made necessary changes," he said.

But the changes didn't include politically sensitive industries such as air travel, utilities and retail, and some investors have argued the government needs to force more competition.

The changes so far are "just PR spin," said James Chin, a political-science professor at the Malaysian campus of Australia's Monash University. "My impression is that this guy wants to do reforms but he cannot until he goes to an election and gets an election mandate."

Mr. Chin said he suspects Mr. Najib will call an election next year if the economy recovers, though he isn't obliged to do so by law until 2013.

Mr. Najib said he agrees Malaysia needs to take bolder steps eventually. He said he is planning to unveil a new economic plan to diversify the local economy. While he declined to say exactly what it would entail, he said Malaysia needs to boost the role of services and encourage more domestic consumption to reduce over-reliance on exports.

He said he would also like to promote niche industries such as Islamic finance, which now accounts for a sizable part of the country's banking assets.

The government will also aim to rein in its sizable spending on consumer subsidy programs next year, potentially freeing up cash for more productive investments, he said. Malaysia allocates nearly $200 million a year subsidizing the price of sugar, for instance.

The government is working with a local bank to create "smart cards" that will allow it to direct subsidies only to low-income consumers who need them, he said, while redirecting government assistance away "from people who drive Ferraris."

Whether these additional steps will be enough to appease investors is uncertain.

Mr. Najib's ideas are "a good start," said Ed Teather, an economist at UBS in Singapore, especially the bid to cut subsidies. "The concern is that the promises of the government aren't always followed through on."

Mr. Najib also said he intends to rein in corruption, which has long been an issue of concern for foreign investors. Corruption "is a problem," Mr. Najib said, but added, "it's a problem of many countries."

The country's progress on that front, he said, may well be judged on how it handles a few high-profile cases working through the system, including one in which a former transport minister and another top executive are accused of committing fraud during the development of a debt-ridden port and industrial facility. A parliamentary committee recently recommended that police and other authorities pursue investigations against the officials.

Mr. Najib said he would support prosecutions of the officials, if the investigations indicate such prosecutions are warranted. But "we cannot rush into it," he said.

—Celine Fernandez in Kuala Lumpur contributed to this article.

Reuters

Malaysian Prime Minister Najib Razak, who assumed power in April, addressed the APEC CEO summit in Singapore.

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U.S. agrees to talks on Pacific trade pact

But bigger deals are stuck on hold in the U.S. Congress

By Tom Wright And Jonathan Weisman

Reuters

Singapore's prime minister, Lee Hsien Loong, speaks at a news conference on Sunday as the Asia-Pacific Economic Cooperation summit was wrapping up.

SINGAPORE—The Obama administration said it would start talks aimed at joining a little-known trade pact among several Asian-Pacific economies, a sign Washington is responding to criticism from some world leaders and U.S. business groups that it has moved too slowly to foster trade ties in the region.

It isn't clear whether U.S. interest in the Trans-Pacific Strategic Economic Partnership bloc, or TPP—which currently comprises Singapore, Chile, New Zealand and Brunei—represents a significant change in policy for the administration, which put new trade deals on hold earlier this year as it reviews trade policies amid rising protectionist rhetoric at home.

It also is far from certain that the Obama administration will be willing to expend the political capital at home needed to carry the talks to fruition.

The TPP is touted by free-trade advocates, but the combined size of the four economies in the pact is smaller than Belgium's economy. Washington has a number of much-larger trade deals, including with South Korea and Colombia, that have been negotiated but are blocked by opposition in the U.S. Congress.

President Barack Obama's announcement during a speech in Tokyo was welcomed by Asian leaders and U.S. business groups looking for concrete signs that his administration embraces free trade. Some Asian-Pacific leaders have expressed hope that the Trans-Pacific Partnership could someday be a stepping stone to a wider free-trade agreement in the Asian-Pacific region, which accounts for half of the global economy.

Mr. Obama, who moved on to Singapore late Saturday to participate in the annual Asia-Pacific Economic Cooperation summit, said in his Tokyo speech that the U.S. will be "engaging with the Trans-Pacific Partnership countries with the goal of shaping a regional agreement that will have broad-based membership and the high standards worthy of a 21st-century trade agreement."

The announcement effectively meant that the U.S. plans to restart talks put on hold in March amid the trade policy review. U.S. Trade Representative Ron Kirk, in Singapore for the APEC meetings, said any deal would be done "in close consultation with the U.S. Congress."

Some members of Congress noted that the inclusion of Vietnam—which, with Australia and Peru, is also interested in joining the Trans-Pacific Partnership—might complicate talks. Two Democrats key to trade issues, House Ways and Means Chairman Charles B. Rangel of New York and Michigan Rep. Sander Levin, chairman of the Ways and Means trade subcommittee, issued a statement welcoming the discussions but warning that Vietnam, a Communist-run country with minimal worker rights, "presents a challenge" to the U.S.

Other leaders were more optimistic. "President Obama's decision to participate in the TPP negotiations is right for American jobs, right for American exporters and right for the American economy," said Senate Finance Committee Chairman Max Baucus, a Montana Democrat.

Australian Trade Minister Simon Crean said the U.S. participation is a "significant statement of its intent to the Asia-Pacific region. Importantly, it provides the critical mass essential for this initiative to go forward." The first round of talks about expanding the group will take place in Australia early next year, he said.

A theme of this year's APEC meeting—an annual gathering of leaders from 21 Asian-Pacific nations including China, Australia and Mexico—has been the perceived failure of the U.S. to push free trade while faced with opposition from a number of U.S. trade unions and lawmakers concerned it doesn't benefit U.S. workers.

On Saturday, Mexican President Felipe Calderón criticized the Obama administration for failing to open its borders to Mexican trucks as required under the North American Free Trade agreement. "Protectionism is killing North American companies," Mr. Calderón said at a business event on the sidelines of the APEC summit. "The American government is facing political pressure that has not been counteracted."

Other U.S. business leaders welcomed Mr. Obama's announcement but said they would have liked to see a more definitive statement that the U.S. was joining the Trans-Pacific Partnership.

"They are moving in the right direction but this is not as strong as we would have liked to see," said Tom Donohue, president of the U.S. Chamber of Commerce, who was in Singapore to push for closer trade ties between Asia and the U.S. Mr. Obama, he said, is likely to face opposition from elements of the Democratic Party to complete any deal.

The chamber points out that there are over 160 free trade agreements in Asia today, many involving China. The U.S. has only two bilateral trade agreements in the region, with Singapore and Australia. Although U.S. exports to the Asian-Pacific region have risen 63% in the past five years, the U.S. share of the fast-growing region's trade declined by three percentage points as other countries expanded their presence, according to the Office of the U.S. Trade Representative.

Mr. Obama, on his first trip to Asia which will also include China and South Korea, also said his administration would work out the issues currently blocking the U.S.-South Korea trade pact. Congress has refused to ratify the agreement, signed in 2007, saying it wants better access for U.S. carmakers to sell their products in Korea.

"We also believe that continued integration of the economies of this region will benefit workers, consumers and businesses in all of our nations," Mr. Obama said in Tokyo.

—Patrick Barta contributed to this article.

China bank regulator blames U.S. policy for asset bubbles

By Aaron Back

BEIJING—China's top bank regulator blamed the U.S.'s loose monetary policy for creating new global asset bubbles, saying low interest rates and a weak dollar are encouraging speculation in world markets.

The U.S. Federal Reserve's promise to keep interest rates at extraordinarily low levels for an extended period "has already led to a massive U.S. dollar carry trade and massive speculation," said Liu Mingkang at the International Finance Forum in Beijing, which began shortly before U.S. President Barack Obama arrived for his first visit to China.

Mr. Liu, who is chairman of the China Banking Regulatory Commission, said the weak dollar and low U.S. rates are creating "unavoidable risks for the recovery of the global economy, especially emerging economies," and that the situation is "seriously impacting global asset prices and encouraging speculation in stock and property markets."

Liu Mingkang

China is particularly affected by U.S. policy because it has kept its currency largely pegged to the dollar. Key trading partners, including the U.S. and the European Union, have urged China to let its currency appreciate, and multilateral agencies such as the World Bank and International Monetary Fund have said a stronger yuan would help avoid risks of asset bubbles, in part because that would make it more expensive for outsiders to buy Chinese assets.

The focus on the greenback comes after it sank to a 15-month low against many major currencies last week. In a speech Tuesday, Richard Fisher, president of the Federal Reserve Bank of Dallas, said he is aware that the Fed's current stance of keeping interest rates low for an extended period was denting the dollar.

Mr. Fisher's comments marked the first mention from the Fed about the so-called carry trade, which takes advantage of the central bank's current near-zero-percent interest rate to borrow dollars cheaply. The dollars are then sold to buy other currencies or assets that investors think will earn a higher return, which further pushes down the dollar.

On Sunday, Mr. Liu didn't specifically mention China's asset prices, but the country's stock and property markets have been on the rise this year.

China has kept its benchmark interest rates unchanged this year, although policy debate has been shifting in Beijing as the recovery in the domestic economy consolidates and as the central bank tries to manage the flood of liquidity and credit underpinning the recovery.

A key concern that analysts say is keeping China from raising rates is the possibility that higher rates would prompt more speculative inflows into the recovering domestic economy. China has consistently said it won't bow to external pressure on its currency policy, though the central bank last week acknowledged that capital flows and the movements of other major currencies are issues it must take into account.

—Juan Chen contributed to this article.

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CORPORATE NEWS

GE puts faith in China's aerospace industry

U.S. company forms avionics venture with AVIC, setting up possible challenge to Boeing and Airbus

By Norihiko Shirouzu

BEIJING—**General Electric** Co. made a big and potentially risky bet Sunday on China's aerospace industry as it struck an agreement with leading Chinese aircraft company **Aviation Industry Corp. of China** to jointly supply avionics systems for jetliner makers globally.

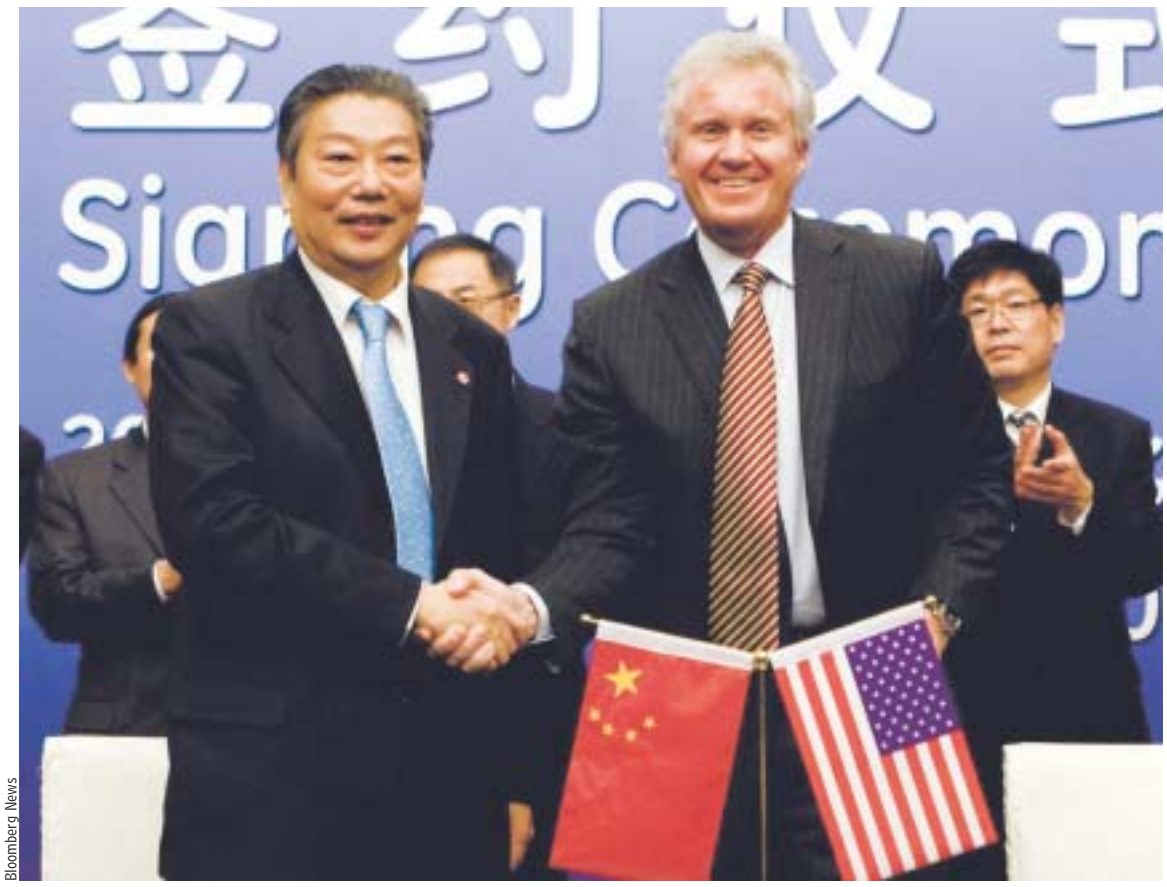
GE is essentially moving its avionics platform to China, angling in part to grab business for a planned aircraft China hopes will compete with jets from **Boeing** Co. and **European Aeronautic Defence & Space** Co.'s Airbus.

At the heart of GE's decision is the growth in China's appetite for planes, but the U.S. company also is betting that a China-made jetliner eventually could challenge Boeing and Airbus outside China—a notion seen with skepticism in the industry

GE and AVIC agreed to establish a 50-50 joint venture in China that GE said would be its main platform to develop and market avionics systems for global commercial-aircraft manufacturers. No financial details were given, but GE called it "a substantial investment."

GE defines its avionics systems as the "brains" of the aircraft, helping pilots navigate and operate the plane. The business is is part of its aviation-systems division, which has annual revenue of about $2.5 billion, roughly 13% of GE's total aviation revenue of $19.2 billion in 2008.

The agreement highlights increasing competition among Western aircraft-engine makers and others to supply technology for a large passenger jet China's main state-owned commercial-aircraft maker, an AVIC offshoot called **Commercial Aircraft Corp. of China** Ltd., or Comac, is trying to launch by 2016. The aim for that aircraft, the C919, is to compete with Boeing Co.'s B737 and Airbus's A320.



Bloomberg News

Lin Zuoming, president of China's AVIC, left, shook hands with GE Chief Executive Jeffery Immelt at a ceremony Sunday.

The GE-AVIC joint venture, which requires Chinese regulatory approval and is expected to launch in mid-2010, will be "GE's only way to go to market with avionics systems around the world," a senior GE executive said Sunday in Beijing.

Thus, he said, GE will make advanced commercial-avionics technology available for the joint venture without holding back and will do so with the understanding of regulators in Washington.

"This market is huge, and the Chinese aviation industry likely over the coming decades will be one of the biggest, if not the biggest, of the world," said GE Chief Executive Jeffrey Immelt in a speech before signing the agreement with Lin Zuoming, president of state-owned AVIC.

"This joint venture also opens the door for us to serve customers in every corner of the world," said Mr. Immelt, whose presence at the signing further underlined the importance GE attaches to the venture.

Boeing and Airbus are expected to come up with next-generation narrow-body jets to replace their aging jetliners, but by some projections, those replacements won't enter service until the early 2020s. Comac is aiming for a crucial edge by launching the C919 by 2016. Comac, based in Shanghai, has told suppliers it plans to sell 2,500 C919 planes over a period of 20 years.

A top executive at a major U.S. aerospace supplier calls this "overly optimistic," saying it would be a feat if Comac were able to sell 600 to 800 C919s over 20 years. The C919, even if successfully developed and marketed, might lose its luster once Boeing and Airbus come up with new aircraft to replace the B737 and the A320, respectively, he says.

Lorraine Bolsinger, head of GE Aviation Systems, said that while GE's immediate focus is to compete for C919 business, its venture with AVIC also is being established with an eye toward supplying technology for the next-generation narrow-body jets being planned by Boeing and Airbus, as well as business jets and other aircraft in the pipeline.

She said overall world-wide demand for narrow-body jetliners might amount to 20,000 aircraft over the next few decades. GE expects Comac to take a "fair share" of that demand. Such high expectations help explain GE's willingness to share the latest technology to help Comac come up with a competitive passenger jet.

"The whole premise of this joint venture is to bring [to market] advanced technology," Ms. Bolsinger said. Asked how GE would treat technology the U.S. government might consider too sensitive to transfer to China, she said GE wouldn't jeopardize its relationship with the U.S. military but noted that there is a lot of know-how and expertise outside the military realm.

For Comac, the C919 follows last year's launch of its first passenger jet, a 70-seat regional plane called the ARJ-21. GE provided engines for the ARJ-21 and last year signed a deal with Comac to purchase five ARJ-21 jets, with an option to buy 20 more. GE said it planned to lease the regional jets to Chinese airlines.

A major unknown for the C919 is acceptance by consumers, especially in key markets such as North America. Brazil's Empresa Brasileira de Aeronutica SA, or Embraer, which has aimed to compete with Boeing and Airbus for decades, has only been able to break into the smaller, so-called regional-jet business.

Macao resort to woo foreigners

By Jonathan Cheng

HONG KONG—**Las Vegas Sands** Corp. said it hopes to generate 30% of its Macau revenues from non-Chinese customers after 2011, when it opens a new casino-and-resort complex in Macau's Cotai area.

Currently, revenue from non-China visitors makes up about 8% of Las Vegas Sands' business in Macau, according to the company's Macau president, Steve Jacobs.

While visitors from neighboring Hong Kong and mainland China make up the bulk of visitors and revenue in Macau and at Las Vegas Sands' properties there, Chairman Sheldon Adelson said Sunday that those visitors tend to be day-trippers focused on gambling.

"When people fly in, they bring a much bigger budget than does a day-tripper," Mr. Adelson said, highlighting efforts to drive business from Japan, South Korea, Thailand, Indonesia and India.

He said business from day-trippers, many of whom cross the border to Macau from Hong Kong or the neighboring southern Chinese province of Guangdong for gambling runs, "can be taken care of by the casino-only guys," most of whom are clustered in Macau's traditional downtown peninsula.

In Cotai, where Las Vegas Sands' Venetian Macao and its new mega-project are located, Mr. Adelson said he hopes a variety of entertainment and shopping options will attract longer stays.

Work on that project is scheduled to resume in January after a year-long hiatus, with a mid-2011 launch date for the project, which sits adjacent to the Venetian Macao and includes Shangri-La, Traders and Sheraton hotels. Work on the project ground to a halt last fall as global financial turmoil hit Macau's gambling revenues.

Mr. Adelson's plan is to "recreate a portion of the famous Las Vegas Strip," eventually opening 14 hotels with more than 20,000 rooms. "That's critical mass," he said.

The company hopes to capture a greater share of regional business, in part by introducing more services and amenities aimed directly at Japanese and Indian clients, some of which will be rolled out as early as next month, the company said.

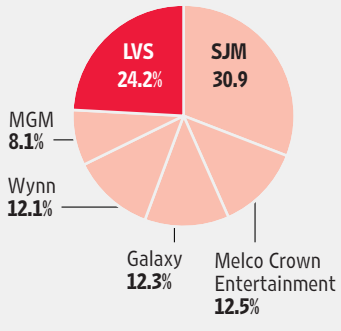
The Japanese-themed sections will be staffed by hosts brought in from Japan.

At the same time, Mr. Adelson said there was plenty of growth still left in mainland China, where only a small fraction of the population has been tapped so far.

Las Vegas Sands aims to raise as much as US$3.83 billion in a Hong Kong listing of its Macau assets. The listing will be open to retail subscribers Monday, with trading set to begin on Nov. 30.

Counting chips

Macau casino operators' market share in October



Note: Figures don't add up to 100 due to rounding.
Source: Credit Suisse

Ethiopia orders 12 Airbus jets on first day of Dubai Airshow

By Stefania Bianchi, Nour Malas and Alex Delmar-Morgan

DUBAI—European plane maker Airbus kicked off the Dubai Airshow Sunday with $3 billion of aircraft orders and a commitment to deliver at least as many aircraft next year as this year.

Airbus, a unit of **European Aeronautic Defence & Space** Co., announced a $3 billion deal with Ethiopian Airlines for 12 A350 XB aircraft. The deal is a confirmation of an earlier memorandum of understanding signed in July.

On Friday, before the air show started, the plane maker signed a $1.8 billion agreement in principle with Vietnam Airlines for four A380 superjumbos and two A350 XWBs.

"At this particular junction, we see the market improving, not deteriorating," John Leahy, Airbus' chief operating officer for customers, told reporters at a news conference on the first day of the show. "Six to nine months ago, people were talking about delaying or canceling. I'm not hearing any of that at this airshow."

The Dubai Airshow, usually a jamboree of huge aircraft orders by the Gulf region's leading airlines, such as Emirates Airline, Etihad Airways and Qatar Airways, is a much quieter event this year as carriers in the oil-rich region face falling passenger numbers amid the global financial crisis.

Airbus and **Boeing** Co. will use the air show to compete for the limited deals available.

Mr. Leahy said Airbus will this year deliver as many aircraft as in 2008 amid improving market conditions.

"This year, we can confirm that our deliveries will be at least the same as last year," he said. In 2008, Airbus delivered 483 planes.

Boeing also said the aviation market had hit the bottom and that things could start to improve next year.

"In 2010, you should see a continued increase in traffic levels. In 2011 you should see airlines returning to profitability and in 2012 we expect to see a demand for new airplanes," Randy Tinseth, Boeing's commercial-airplane marketing vice president, told Zawya Dow Jones in an interview.

CORPORATE NEWS

GM turnaround strategy gets lift in China

Government incentives increase auto maker's sales, boosting the U.S. company's global business

By John D. Stoll

General Motors Co.'s turnaround effort will come under new scrutiny Monday as the company reports financial results. But one part of the strategy appears to be working: China.

GM's sales are expected to have doubled in China during the third quarter compared with a year earlier and are now running neck and neck with the Detroit auto maker's sales in the U.S. The company's 478,000 vehicle sales in China helped GM remain a relevant player on the global auto stage, and—more importantly—provided much-needed profit for GM's international operation, according to a person familiar with the results.

Although not expected to be exhaustive, the auto maker's third-quarter results will provide the most comprehensive look at the company's financial health since it filed for bankruptcy-court protection in June. The company is to update its cash position, indicate how close it is to earning money in North America, and update its progress on restructuring **Adam Opel** GmbH in Europe.

But for GM Chief Executive Frederick "Fritz" Henderson, the most positive story lies in China, where government-sponsored sales incentives and the popularity of the Wuling microvan venture GM partially owns lifted the company's auto sales 34% in the first nine months of 2009 compared with a year earlier. GM's share of that market has increased as well, climbing to 13.4% in the third quarter from 12% a year earlier and cushioning the company's lead over its rivals.

GM's China business, which wasn't included in bankruptcy-court proceedings in the U.S., is actually composed of a web of joint ventures with Chinese auto makers. Profits are spread across those partnerships, and to other parts of GM's organization, such as GM-Daewoo in South Korea. The auto maker doesn't include Chinese vehicle sales in its revenue line, and the business isn't a source of cash needed to rebuild operations in other parts of the world.

But Shanghai has become a spiritual and physical second home for GM. The company in July decided to headquarter its international unit there, and a number of GM's global purchasing and development duties are being sent to Shanghai.

The auto maker doesn't break out specific results for the China unit, and it plans to consolidate all operations outside the U.S. into the international operations.

To be sure, GM needs to turn around its ailing North American business if it hopes to be truly viable. The U.S. serves as the hub of GM production, and is still seen as offering the most profit potential of any market in the world.

The third quarter will give a fuzzy picture of GM's progress at home. While costs have plunged thanks to layoffs, debt reduction and plant closings, the company's North American operation is a shell of its former self.

The auto maker lost considerable U.S. market share during the third quarter compared with the same period in 2008, falling to about 19.5% from about 24.5%. The company also nearly halved production and increased per-vehicle spending on sales incentives, according to Autodata Corp. Even with the benefit of the U.S. government's Cash for Clunkers sales-incentive program, GM's sales volume fell.

For Mr. Henderson, momentum in China isn't necessarily lining GM's pockets. The bulk of the sales taking place in China are credited to Wuling, of which GM owns about a third. Wuling vans and small pickups are generally strong among light commercial buyers and farmers, and can be bought at a fraction of what U.S. vehicles cost.

GM is on track to sell nearly two million vehicles this year in China, or likely about as many as it will sell in the U.S. Two-thirds of those sales are likely to be Wulings, with the balance going mostly to the Buick and Chevrolet brands.

Profits aside, China's momentum has been critical to GM's ability to keep pace with other global industry heavyweights, notably **Volkswagen** AG and **Toyota Motor** Co. Both are expected to surpass GM in global sales this year, but those leads are likely to be muted by GM's strength in China.

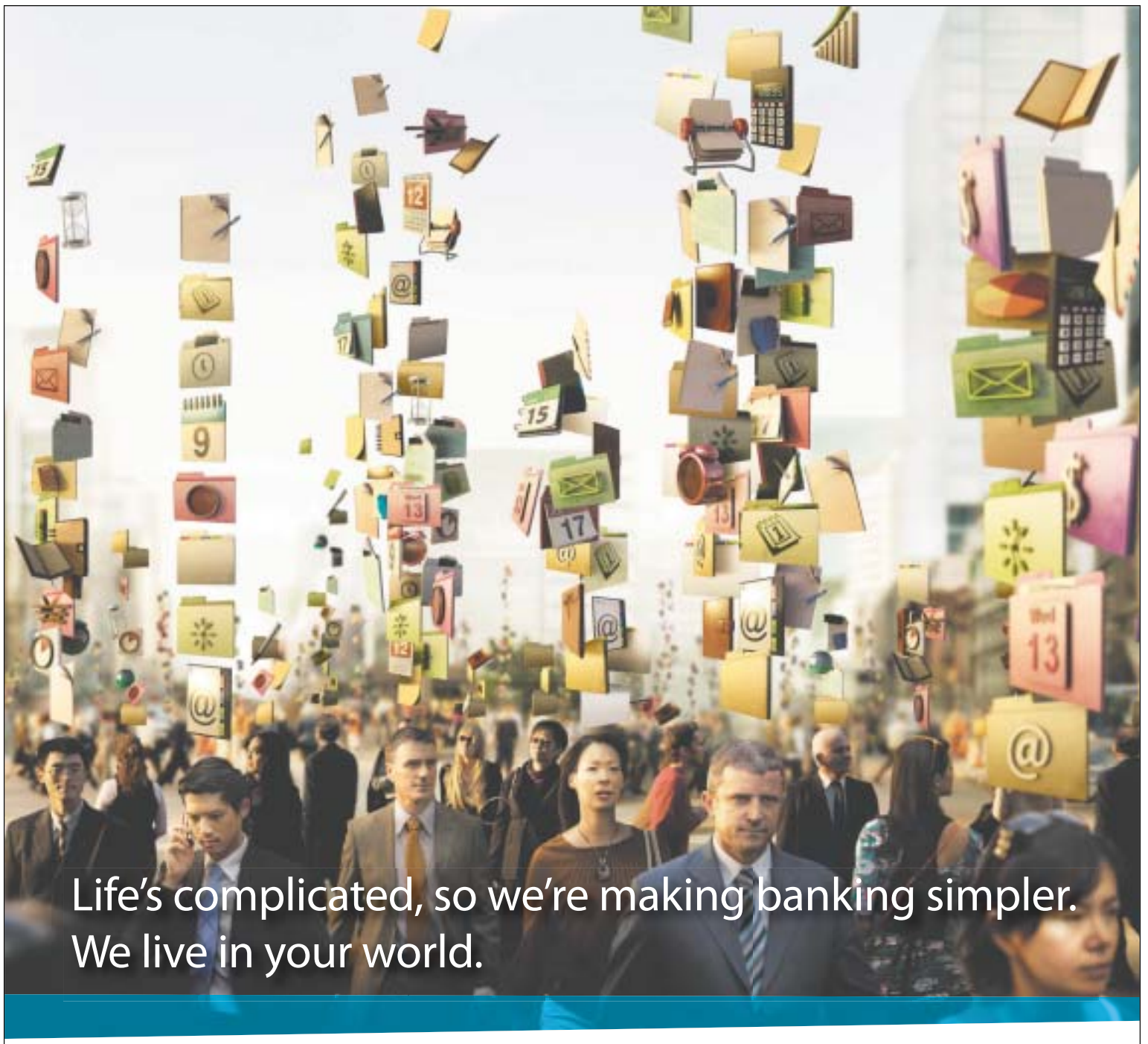
GM is on track to sell nearly two million vehicles this year in China, or likely about as many as it will sell in the U.S. Two-thirds of those sales are likely to be Wuling microvans.

China is also a rare pocket of growth amid a collection of GM operations that have been sinking for years. In the three years spanning 2006 to 2008, GM lost market share in 12 of the top 16 markets where it sells vehicles.

China now accounts for at least 25% of the company's global sales, compared with 10% a year ago. Whereas three GM vehicles were sold in the U.S. for every GM vehicle sold in China a year ago, that ratio has fallen to 1.25 vehicles sold in the U.S. for every sale in China.

Analysts and GM executives cite the China unit as an example of the auto maker at its best. The unit is now allowing the company to lap its chief rival, Toyota, in China.

Toyota's China sales have suffered this year after a failure to anticipate demand for smaller cars. The Japanese auto maker's China sales from January through the first eight months of the year only rose 9% from a year earlier to 415,000 vehicles, compared with more than one million at GM during that time.



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Bloomberg News

Haruka Nishimatsu, president and CEO of Japan Airlines, second from left, listens while Yoshimasa Kanayama, an executive officer of JAL, left, speaks Friday during a news conference in Tokyo.

Japan Airlines reports a loss for quarter

Carrier seeks bridge funding from state bank and mediation with creditors to delay loan repayments

By Yoshio Takahashi

TOKYO—Racked by the cost of operating unprofitable routes in a travel slump, **Japan Airlines** Corp. reported its fourth straight quarterly loss and said it is seeking mediation with creditors on delaying loan repayments.

JAL also said Friday it will seek 125 billion yen ($1.4 billion) in bridge funding from the state-backed **Development Bank of Japan**, as well as other institutions, and plans to conclude talks on a potential alliance with another carrier by year-end.

The Japanese carrier scrapped its target of a full-year loss of 63 billion yen because of the uncertainty over its future while a government-appointed turnaround agency is working on a recovery plan. For July-September, the second quarter of its fiscal year, JAL swung to a loss of 32.18 billion yen from a year-earlier profit 40.09 billion yen, based on Japanese accounting standards. Revenue tumbled 26% to 429.06 billion yen.

The company is burning through its cash resources rapidly. The carrier said Friday that cash and cash equivalents on hand at the end of September amounted to 94.7 billion yen, about half of the year-earlier level.

And with "substantial doubt" hanging over its ability to finance daily operations, JAL said it is seeking out-of-court mediation on loans.

JAL has been talking to both **AMR** Corp.'s American Airlines and **Delta Air Lines** Inc. about a possible alliance. Chief Executive Haruka Nishimatsu said, "It would be natural to form a tie-up with American Airlines, taking into consideration [the relationship] we have had in the past." The two airlines are members of the Oneworld airline-marketing network. But he added that his company will continue considering an alliance with Delta.

Either of the two U.S. airlines could take a stake in the Japanese company to gain access to lucrative Asian routes.

JAL's latest results and the need to look for a partner show that the airline is feeling the heat of a crisis in global aviation that has prompted a wave of consolidation.

In the latest example, British Airways PLC and Iberia Lineas Aereas de Espana SA agreed Thursday to merge to create one of the world's largest airlines, with annual revenue of roughly $20 billion.

> JAL scrapped its targeted loss for the full year amid uncertainty.

JAL, which said this month it will discontinue 16 routes to cut costs, is restructuring with help from a quasigovernmental investment fund—the Enterprise Turnaround Initiative Corp. ETIC, which has access to 1.6 trillion yen in state-guaranteed funds and the ability to purchase the debts of beleaguered companies, will be assessing JAL's assets over the next two months to gauge the level of support it can provide.

Mr. Nishimatsu, who has faced pressure to resign, indicated Friday that he had no plan to immediately step down.

"Our task is to set a course for a restructuring plan. Once the course is set, I'd like to talk about our future management."

—Hiroyuki Kachi contributed to this article.

Miners to bid for BHP project

By Elisabeth Behrmann And Alex Wilson

SYDNEY—Three potential bidders remain in the running for **BHP Billiton** Ltd.'s failed Ravensthorpe nickel operation in Western Australia state, with final bids due Nov. 25, people familiar with the situation said Friday.

Australia's **Minara Resources** Ltd. as well as **Poseidon Nickel** Ltd. and **China Metallurgical Group** Corp., or MCC, are all still taking part in the sales process for the idled nickel laterite operation, two people familiar with the bidding process said.

Confirmation that there are three potential bidders and that a date is set for final offers will raise market hopes that BHP may yet be able to extract some value from the failed US$2.1 billion operation, which it wrote off in January just eight months after it was commissioned.

Some analysts had predicted BHP could be forced to sell the mine for a nominal amount, given the risks and costs associated with restarting it, while others think BHP will aim for several hundred million dollars.

BHP declined to comment on potential bidders but said the operation continues to attract "considerable interest."

A spokeswoman for the miner said it is evaluating divestment, restart or closure options, adding that "a formal evaluation of the divestment as an option is progressing well and as planned."

A person familiar with the situation said MCC, Poseidon and Minara remain in the bidding, adding that there is also interest from other companies without elaborating. However, Poseidon moving ahead seems doubtful because of its small size and the participation of MCC in the bid.

One person said Poseidon had been seeking Chinese backers for its bid but that it now seemed unlikely that another Chinese state-owned enterprise would enter the final stages of the sale process and compete with MCC.

Minara has technical expertise it can apply at Ravensthorpe, having already successfully revived one troubled nickel laterite project at its Murrin Murrin mine in Western Australia using a high-pressure acid leach process.

MCC's activities in Australia have been largely confined to the iron-ore sector, in particular its purchase last year of the Cape Lambert Iron magnetite project in the Pilbara region of Western Australia.

Earlier this month, China's Jinchuan Group exited from the bidding process, as did Australian mining magnate Clive Palmer.

Minara has confirmed its participation in the sale. A spokesman for Poseidon, chaired by Fortescue Metals Group Ltd. Chief Executive Andrew Forrest, declined to comment.

MCC also declined to comment.

—Stephen Bell in Perth contributed to this article.

FamilyMart to buy rival retailer for $133 million

By Juro Osawa

TOKYO—**FamilyMart** Co. said it will buy smaller rival **am/pm Japan** Co. in a deal valued at 12 billion yen ($133 million), as the Japanese retailer moves to expand its network of outlets and generate new sources of revenue.

The Japanese convenience-store operator will buy all the shares held by am/pm's parent, restaurant chain operator **Rex Holdings**.

FamilyMart said it and am/pm Japan aim to complete the acquisition by March 2010.

The deal will help strengthen FamilyMart's competitive edge by giving it a total network of up to 8,700 stores carrying its name, closing the gap on **Lawson** Inc., the second-biggest chain with 9,665 stores at the end of October, according to company figures.

There are 40,000-plus convenience stores in Japan and industry leader 7-Eleven had 12,471 of them at the end of October. FamilyMart had 7,601 and am/pm had 1,108. Of those 1,108 stores, 252 are run by franchisees. FamilyMart will seek to have all the stores renamed and incorporated into its chain of outlets, although the franchisee stores' sales won't translate into FamilyMart's revenue.

"The move to rename am/pm stores is good news," because it strengthens the brand and improves distribution efficiency, said SMBC Friend Research Center analyst Shun Tanaka.

He added that sales at am/pm stores may also benefit from FamilyMart's strength in merchandising.

FamilyMart said that the acquisition will have no impact on its earnings for the current fiscal year.

—Hiroyuki Kachi contributed to this article.

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CORPORATE NEWS

Ahold is ready to burn part of its cash pile

Supermarket-holding company, sitting on $3.7 billion, says board members are focused on expansion

By Anna Marij van der Meulen

AMSTERDAM—International supermarket chain operator **Ahold** NV says it is ready to use its €2.6 billion ($3.7 billion) cash pile to make targeted acquisitions, a move analysts say is meant to boost a lagging share price and ward off would-be buyers.

Ahold said Nov. 5 it was appointing operational managers for the Europe and U.S., where it runs Stop & Shop and Giant Landover, freeing up the board members responsible for those areas to spend more time on expansion projects.

An Ahold spokesperson said that the company will look at growing in its existing continents, and that a combination of acquisitions and organic growth is possible in markets where it is already active, or adjacent new markets. He declined to comment on whether the company is currently in takeover talks.

The move was seen by analysts as a first step to end several years in which Ahold has underperformed its European and U.S. peers, such as Carrefour SA, J. Sainsbury PLC, Supervalu Inc. or Safeway Inc.

While Ahold has been battling to regain investor confidence since an accounting scandal six years ago, it has built up a cash pile of about €2.6 billion. Its net debt, meanwhile, dropped to €1.16 billion at the end of July from €1.37 billion in April.

Ahold's Chief Executive John Rishton, appointed in 2007, has repeatedly said he feels comfortable with the company's cash buffer in the current economic climate, which has made some analysts skeptical whether Ahold is really ready for an aggressive buying spree.

In Europe and the U.S., the economic downturn has seen bitter fighting between grocery stores as they compete for market share.

For Ahold, the U.S, where it generates around 60% of its sales, could offer tempting takeover opportunities. ING analyst John David Roeg says the U.S would be the most obvious hunting ground for Ahold because of its fragmented market containing a large number of smaller regional players.

With operating profits evaporating in the current environment, there should be interest among family- and private equity-owned medium-sized chains in selling out to a bigger entity such as Ahold, he said.

Ahold spokesman Jochem van de Laarschot said the U.S. is a tough environment where you can expect the strong companies to become stronger and the weak to become weaker.

"As the US market continues to be fragmented, further consolidation is inevitable and Ahold is well positioned to go after opportunities that will arise," he said.

Ahold is currently active on the U.S. East Coast through stores such as Stop & Shop, Giant Carlisle and Giant Landover. It generated almost $22 billion of sales in the U.S. in 2008.

In Europe, a merger with Belgian supermarket operator **Delhaize Group** has been the subject of speculation for two years, ever since Delhaize CEO Pierre Olivier Beckers said in 2007 that Ahold and Delhaize could be a good fit, were Ahold to sell its U.S. food distribution services U.S. Foodservice, which it in fact sold later that year.

Delhaize declined to comment.

In the U.S. the combined activities of Ahold and Delhaize would create a food retailer with $40 billion in annual sales and a strong market position covering the entire East Coast. In Europe the combination would produce a strong market position in the Benelux countries, with activities also in Sweden and Greece.

As Ahold said growth in adjacent markets is also a possibility, this could mean expanding its presence in Central and Eastern Europe where it's already active in the Czech Republic. But it has yet to turn a profit on its Czech operations.

The same factors that are pushing Ahold to make acquisitions also make it an attractive target. Earlier this month, ING Wholesale Banking analysts said in a report that U.K.-based **Tesco** PLC could be a possible buyer.

Tesco declined to comment on market rumors.

Ahold's takeover drive "may be a step by management to protect the group from becoming a potential target itself, due to its low valuation and lack of defined growth strategy," said Standard & Poor's analyst James Monro.

Ahold, however, could also prevent a hostile takeover by issuing cumulative preferred shares, a type of "poison pill" common among Dutch companies. This gives the receiver, the Stichting Continuiteit Ahold, up to 50% of the voting rights.

Ahold will present its third quarter earnings results on Nov. 18.

An Albert Heijn supermarket owned by Ahold, in Utrecht, Amsterdam Reuters

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China starts new round of iron-ore price talks

By Chuin-Wei Yap and John Kolodziejski

China is entering a new round of talks with its major iron-ore suppliers, with signs that acrimony between the parties has eased and indications favoring a higher contract price for next year.

Talks toward a 2009 contract collapsed earlier this year, producing several tense months punctuated by China's detention of **Rio Tinto**'s chief iron-ore negotiator and three other employees on accusations they stole commercial secrets.

Concluding a contract this year would put the relationship between giant miners and their most important customer on a more normal footing. It would also mean more predictability by locking in prices for China's steel mills.

The China Iron and Steel Association is leading the talks for the buyers. In comments widely interpreted as tolerance for a price increase, association Vice Chairman Luo Bingsheng has said there may be some room for an upside even though that is "small and difficult."

The market for iron ore favors miners such as Anglo-Australian companies Rio Tinto and **BHP Billiton**, as well as Brazil's **Vale** SA. The big three account for 70% of seaborne iron-ore trade.

China's steel production continues to rise, having posted the second-highest monthly output on record in October. The surge has boosted iron-ore spot prices. Up steadily since September, they have topped $100 a metric ton. That is nearly 70% higher than in late 2008, when the failed talks on a 2009 contract began.

"I think the dynamics look positive," Sam Walsh, Rio Tinto's iron-ore chief, said at an investor briefing in London recently.

Fundamentals aside, the China Iron and Steel Association faces intense pressure to deliver a deal for 2010. Last year's talks failed as the association insisted on securing a deeper price cut than miners were willing to accommodate, even after other Asian buyers agreed to higher rates. That left Chinese mills to fend for themselves in what has become an expensive spot market.

Negotiations typically start early in the fourth quarter, with a target of reaching a deal by March 31. For next year, however, China is seeking a Jan. 1 start. Miners are looking to increase prices by about a third, according to a report Friday by Alexander Hacking of Citi Investment Research & Analysis. Strong output in China combined with tighter supplies, including falling inventories at China's ports, lend support for higher prices than miners collected this year, he wrote. But China has signaled that such a position is too aggressive. Calls for a 30%-35% price increase are "not reasonable," association Secretary-General Shan Shanghua said at an industry conference in Qingdao, China, last month.

"The price is probably going to rise a bit. It should be around 10% to 20%, which would be more reasonable," said Yu Liangui, a steel analyst with the Shanghai-based Mysteel consulting firm.

CORPORATE NEWS

GM weighs financing for revival of Opel

By John D. Stoll And Sharon Terlep

General Motors Co. is finalizing an Opel GmbH financing plan that significantly lessens its reliance on German government funding, with at least $1.48 billion in cash from GM and potentially an additional $3 billion from European governments and labor unions, according to people familiar with the matter.

GM's plan to use a significant chunk of its own cash, much of it provided by U.S. taxpayers, to prop up the unprofitable European unit is expected to be a key topic Monday, when the auto maker presents its first post-bankruptcy financial results. The auto maker must negotiate specifics of the plan with Opel's top labor representative, Klaus Franz, and present it to officials in several European nations where the company has operations, these people said.

A GM official said Opel has enough liquidity to operate on its own, but significant financing is needed to restructure the unit and properly capitalize it for the future. Last month, GM said it had $13.4 billion in funds supplied by the U.S. Treasury Department sitting in escrow. The remainder of its balance of cash on hand is likely to be disclosed Monday.

On Friday, the auto maker said it paid back an additional €200 million ($298 million) to Germany and expects to pay the remaining €400 million owed on a €1.5 billion bridge loan by the end of this month. Repaying the loan will allow GM to dissolve an independent trust that Germany put into place as the custodian of a 65% stake in Opel.

It is unclear whether GM will tap U.S. Treasury funds to fix Opel. In an interview last week, Chairman Edward Whitacre said GM has resources it could tap, including U.S. Treasury financing.

The latest Opel plan was set in motion this month after its board abandoned selling control of Opel and its sister brand Vauxhaul to Magna International Inc. and Russia's OAO Sberbank. Both Mr. Franz and officials in Germany, home to about half of Opel's 50,000 employees, had favored Magna.

The fresh round of meetings with labor and government officials is likely to begin this week.

Earlier this year, as Opel's parent company inched toward bankruptcy and Opel's own cash began to run out, German Chancellor Angela Merkel provided a $2.2 billion loan and billions in additional financing if GM found an outside investor to take control of Opel.

"If Ms. Merkel does not want to make anything available, then we will just pay for it ourselves," Mr. Whitacre was quoted as saying in an interview posted on the German newspaper Koelnischer Rundschau's Web site last week. "Maybe this news will make your chancellor happy."

Now, GM is distancing itself from Ms. Merkel and rethinking its need for German aid. Still, GM will discuss with German officials the potential for winning some financial backing, likely in the range of hundreds of millions of euros, for its new plan, a person familiar with the plan said.

Officials in Spain, the U.K., and Poland had previously committed nearly $1.48 billion to GM's Opel effort, and the company said Friday that it still seeks that support for the new plan. Mr. Franz, the labor official, also committed to about the same level of cost concessions for the Magna plan.

—Christoph Rauwald contributed to this article.

Lilly names new chief of R&D

By Jonathan D. Rockoff

Eli Lilly & Co. said Friday that its research-and-development chief will retire early next year and will be succeeded by the drug-discovery head at rival **AstraZeneca** PLC.

Lilly named Jan Lundberg, chief of drug discovery and research and a 14-year veteran of London-based AstraZeneca, to lead its drug-development operations. AstraZeneca on Friday named Christer Köhler as interim head of drug discovery and research.

Mr. Lundberg, 56 years old, will have to move quickly in his new job. About $12.8 billion, or 57%, of Lilly's drug sales through 2013 will go off-patent as key drugs including antipsychotic Zyprexa lose patent protection, according to **UBS** analyst Keyur Parekh. Lilly's late-stage pipeline includes treatments for breast and lung cancer, but analysts say it doesn't have enough compounds in that final phase to offset patent losses.

"Advancing our pipeline to patients as quickly and as safely as possible is the biggest challenge Lilly faces in 2010 and beyond. We are confident that Dr. Lundberg will be able to deliver on this challenge," said Lilly Chief Executive John Lechleiter in a statement. Last year, the company spent $3.8 billion on R&D.

> At AstraZeneca, Mr. Lundberg struck alliances with other companies.

At AstraZeneca, Mr. Lundberg moved to revive the British company's R&D by abandoning pharmaceutical companies' traditional insistence on doing work themselves and striking alliances with outside firms, something that Lilly also has been doing more.

Now, AstraZeneca is collaborating with Merck & Co. on the development of a new cancer therapy and with Bristol-Myers Squibb Co. on two diabetes drugs, one already on sale.

"We have to look and find new ways to get new compounds, and the pharma-pharma collaborations are perhaps one way to do that," Mr. Lundberg said in an interview earlier this year.

Departing R&D chief Steven Paul, 59, has overseen Lilly's R&D since 2003. He shepherded the development of several drugs, including antidepressant blockbuster Cymbalta and anti-clotting medicine Effient, which was launched in July.

Mr. Paul also has guided the company's sharp increase in the number of compounds under development, to about 60.

But analysts give several of the Indianapolis company's drug-development programs low odds of success because they depend on untested mechanisms of action. Moreover, Mr. Paul's tenure was marred by some high-profile failures, most recently the cancellations of treatments for multiple sclerosis and osteoporosis that were in late-stage development.

Lilly said Mr. Paul had been planning to retire next year.

He is scheduled to leave in February.

Vivendi takes majority stake in Brazil's GVT, tops Telefónica

By Max Colchester And Ruth Bender

France's **Vivendi** SA Friday trumped an offer by Spain's **Telefónica** SA for a majority stake in Brazilian telecoms operator **GVT**, a surprise move that is likely to put an end to a two-month bidding war and underscores Vivendi's desire to expand in fast-growing economies.

Vivendi said that it had bought 37.9% of GVT and had irrevocable options to buy 19.6% more of the company. This gives Vivendi effective control of 57.5% of GVT's outstanding voting share capital, the company said. Vivendi added that, in accordance with Brazilian law, it would now launch a tender offer for 100% of the Brazilian firm.

Vivendi's bid of 56 Brazilian reals, or about $32.43, per share improves an offer laid down by Spain's Telefónica earlier this month of 50.50 reals and values GVT at about €2.8 billion ($4.2 billion). Telefónica wasn't available for comment. GVT declined to comment.

Vivendi Chief Executive Jean-Bernard Levy said in a prepared statement that with this move Vivendi plans to be present for the long term in Brazil.

Vivendi, an entertainment conglomerate whose businesses range from telecoms to videogames, has recently focused its strategy on buying companies in developing markets, as revenues from its telecom operations in Europe stagnate due to increased competition and greater regulatory pressure.

Vivendi had made a friendly all-cash offer for GVT in September, but the offer was trumped twice by Telefónica .

In its latest move, Vivendi was able to change the course of the GVT bid after signing an agreement with the Brazilian company's founding and controlling shareholders: Swarth Investments LLC, Swarth Investments Holdings LLC and Global Village Telecom (Holland) BV.

The deal allowed Vivendi to buy 29.9% of GVT's capital at 56 reals per share. Then Vivendi said it had bought an additional 8% of voting-share capital from third parties, giving it a total of 37.9% before the irrevocable options.

GVT is a relatively small operator, with around 2.6 million clients across Brazil.

However, its business model concentrates on high-usage and high-margin customers, which has made it attractive to both the French and Spanish predators.

Why does Samsung SSD keep soaring?

SAMSUNG

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ECONOMY & POLITICS

Japan faces fears of a new downturn

Deteriorating fiscal conditions are making some investors nervous about Hatoyama's economic policies

By Yuka Hayashi

TOKYO—Japan's new government faces a dilemma in trying to prevent a double-dip recession, with recent stimulus efforts due to wane, debt soaring and the economy likely to begin losing steam by early next year.

Talk of new stimulus measures to respark the growth is pushing up long-term interest rates, threatening to limit any impact of fresh spending. That, in turn, is forcing officials to look for cuts to offset any new expenditures—moves that could undermine a recovery in demand, economists warn.

Two months after Prime Minister Yukio Hatoyama's Democratic Party of Japan swept to power amid promises of an economic revival, investors are growing nervous about his administration's economic policies.

Their concerns center on rapidly deteriorating fiscal conditions—a burden the DPJ inherited from the previous government, but which are expected to get worse because of the party's own expensive social welfare policies.

At 172% of gross domestic product in 2008, Japan's government debt is by far the largest among rich nations. Masaaki Kanno, a J.P. Morgan Chase economist, estimates the ratio could reach 200% next year and 300% over the next decade. Rising social-security costs and the weak economy are primary reasons for such an increase.

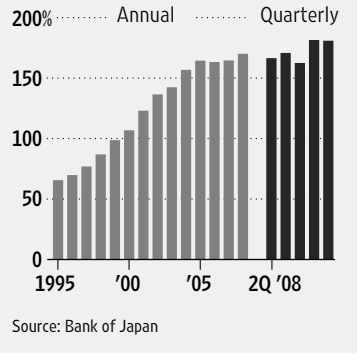
Japan is scheduled to release its gross domestic product data for the July-September quarter early Monday, and is expected to report the economy grew at a moderate pace for a second consecutive quarter after four quarters of sharp contraction.

Economists surveyed by the Economic Planning Association, a government-affiliated think tank, project the economy grew at an annualized pace of 2.5% in the quarter, up slightly from 2.3% in the prior period.

The growth largely reflects gains in personal consumption, bolstered by stimulus steps implemented by the Liberal Democratic Party before its election defeat in August. These measures include incentives for buyers of energy-efficient vehicles and household appliances.

But the same 41 economists say growth will begin to sputter this quarter and gradually shrink toward the middle of next year, slowing to an annualized pace of 0.7% in the April-June quarter.

Finance Minister Hirohisa Fujii said GDP "will be one important factor" in determining whether the government should compile a new stimulus package for the fiscal year ending March 31.



DPJ leaders have hinted such a package would focus on policies to create jobs and carry a price tag of around three trillion yen ($33.5 billion). Still, in an attempt to calm fears that additional bond issuance would flood the bond market, they quickly insisted the added money wouldn't increase overall planned spending for the next two years. Rather, the new stimulus would involve front-loading spending intended for next fiscal year into the current one, and would require lower spending next year.

Japan's conditions worsened this year as stimulus policies propped up spending while the weak economy pushed down government revenue to less than half of the spending. To fill the gap, Tokyo has already issued 44 trillion yen in new debt, a record amount, and will probably add several trillion yen more.

As daily headlines on revenue shortfalls and ballooning government spending sent jitters through the market, the yield on benchmark 10-year Japanese government bond rose from below 1.3% in October to a five-month high of 1.485% Tuesday before easing to 1.365% Friday.

The cost of insuring Japanese government bonds against default doubled recently and briefly traded with more implied risk than Italy and Spain last week, according to Credit Derivatives Research. This shows more investors think Japan may not be able to repay its debts—though that is an unlikely outcome given that domestic investors are willing to invest in their government's debts.

Two months after Mr. Hatoyama took power, experts are growing frustrated. The DPJ has yet to show how it plans to create growth and put the deficit under control. Critics say the DPJ's campaign pledges were heavy on policies aimed at helping families and consumers. To pay for such programs, the party says it will cut waste from the government expenditure, a task many economists say will be tough.

"What we would like to see the most from the DPJ is a strategy to keep the economy growing over the medium- and long-term," said Hideo Kumano, an economist for Dai-Ichi Life Research Institute. To impress the public about its effort to cut waste, the government last week began meetings of its "expenditure assessment committee." In the meetings broadcast live on the Internet, scores of economists and academics hand-picked by the DPJ sat across tables from bureaucrats and confronted them about their ministries' budget plans.

The outcome of one meeting was the reduction of 700 billion yen in spending by shrinking the budgets of government-sponsored special corporations often staffed by retired bureaucrats. *—Takashi Nakamichi contributed to this article.*

Blizzard renews storm over China's bid to alter weather

By Jason Dean

BEIJING—Heavy snowfall in northern China is testing the country's disaster preparedness and prompting fresh questions about Beijing's efforts to alter its weather.

A massive blizzard over the past week has dumped some of the heaviest snow in five decades on China's usually arid north, clogging highways and collapsing buildings in seven provinces. The storm, which began last Monday, had caused nearly seven billion yuan ($1.03 billion) in damage as of Sunday afternoon, and as of Friday it had killed more than 40 people in traffic accidents or building collapses and other incidents triggered by the snow and ice, the government said.

The storm follows an unusually early snowfall that blanketed Beijing on Nov. 1. Government media attributed the intensity of that storm to the Beijing Weather Modification Office, which is responsible for cloud-seeding operations in the capital, whose downtown area is surrounded by farmland. The state-run Xinhua news agency quoted a top official at the office saying it had created 16 million metric tons of additional snow. "We won't miss any opportunity [for] artificial precipitation since Beijing is suffering from the lingering drought," the official, Zhang Qiang, was quoted as saying.

The government's role in that storm angered some people. One blogger on the popular Web site Sohu.com posted a photograph of angry passengers on a grounded flight, and suggested that the weather-modification office should be required to pay compensation for the disruptions the snow caused. "The weather belongs to everyone, not just to the 'Department of Artificial Interference with the Weather,' " he wrote.

Reuters

The Great Wall of China drew visitors on Thursday during a heavy early-season snowfall that hit some parts of the country.

At the start of last week's storm—which dumped varying amounts of snow across the region but totaled several dozen centimeters in some places—some observers assumed the weather manipulators were at work again. A report in the state-backed China Daily, an English-language newspaper, carried the headline "Weather Is Manipulated Again for Snow," and cited an unnamed official from the weather-modification office saying that it had caused the precipitation, but declining to elaborate.

But experts on weather modification say it is nearly impossible for a storm of the scale and intensity of last week's to have been meaningfully affected by cloud-seeding efforts. And the Beijing Weather Modification Office is denying any involvement. An official there said Thursday that it hadn't seeded clouds last week, and that its efforts in the earlier snowfall were limited to parts of the city. An official at the weather-modification office in Hebei, the province surrounding Beijing, said it also hadn't seeded clouds in the past week to avoid aggravating the storm, which meteorologists had been predicting for days.

The confusion over the government's role in the latest blizzard reflects both the scope of China's weather-modification efforts, and the aura of almost mystical ability that surrounds them in the minds of many Chinese and foreign observers.

China's water supply relative to its 1.3 billion-person population is roughly a fourth the world's average, and the shortage is worse in the north. Beijing's ratio is 1/30th the global average. Local governments in dry areas across China—as in other countries—have long sought to wring more rain from the sky for crops and reservoirs.

In China, they use artillery shells, rockets and airplanes to spray existing cloud systems with silver iodide, a compound that triggers moisture in the clouds to form ice crystals, which then fall to earth as snow or rain.

The Beijing Weather Modification Office gained fame around last year's Beijing Olympics for trying to drain clouds near the city ahead of Aug. 8 Opening Ceremonies. In the end, the highly anticipated event was rain free, although it remains unclear whether that resulted from modification or good luck.

More broadly, many residents of the capital see the office's hand in the uncannily consistent absence of rain on politically sensitive days like the 60th anniversary of the founding of Communist China on Oct. 1, when top leaders watched a lavish military parade in downtown Beijing.

Scientists say that cloud-seeding is less potent than many people believe, however. It can augment precipitation, but only by perhaps 10% to 20%, says Wang Guanghe, director of the Institute of Weather Modification at the Chinese Academy of Meteorological Sciences. Weather modification's "power is still limited," Mr. Wang says.

It is also hard to measure. Experts say the sort of exact estimates attributed to the Beijing Weather Modification Office official by Xinhua—16 million tons of extra snow—is nearly impossible to make for any individual storm, although statistics gathered painstakingly over years can enable estimates of the effectiveness of longer-term efforts.

One reason for confusion over China's weather modification efforts is its relative lack of transparency. Duncan Axisa, president of the Weather Modification Association in Fresno, Calif., says only two of the roughly 170 members of his international organization come from China—and they joined recently. China's weather-modification experts have published relatively little in English. "The Chinese weather-modification program is a really closed program," he says.

—Ellen Zhu, Kersten Zhang and Gao Sen contributed to this article.

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(1), (2): Based on data provided by a major server storage company using an HDD-only system and SSD applied systems.
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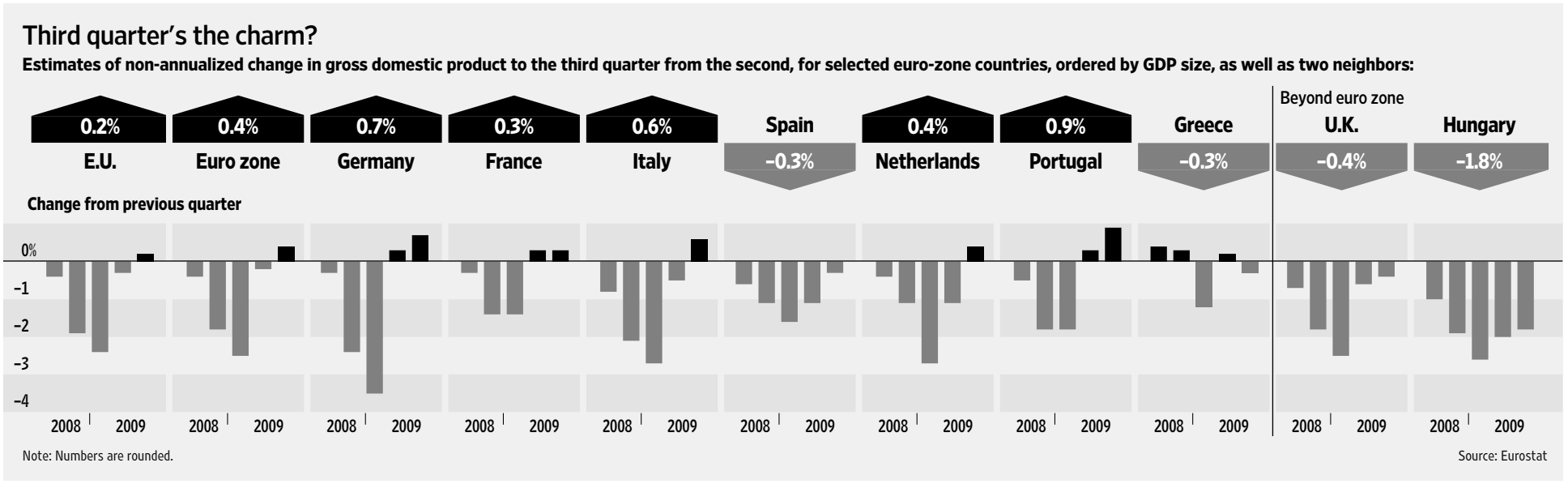


Euro-zone economy returns to expansion

Third-quarter gains welcome, but show fragility of recovery

By Marcus Walker And Brian Blackstone

BERLIN—The euro-zone economy returned to modest growth in the third quarter, marking an apparent end to five quarters of recession, but the region's recovery looks set to be anemic, economists said.

Economic activity in the 16-nation euro-currency zone expanded at an annualized rate of 1.5% in the period from July to September, according to calculations based on data from the European statistics agency Eurostat. Germany, Europe's biggest economy, led the recovery, expanding at an annualized rate of 2.9%, thanks to strengthening exports and business investment.

Many European economies grew for the first time since early 2008, including Italy, Austria and the Netherlands, joining Germany and France, which returned to growth in the second quarter.

However, Friday's growth figures weren't as strong as expected, particularly in France, where the economy expanded at an annualized rate of only 1.1% last quarter, around half of what economists had hoped.

Economists expect most European countries to post growth in the fourth quarter, too, thanks to a revival in world trade and improving business confidence. But many analysts say growth in 2010 will be mediocre, with the euro-zone economy struggling to expand by much more than 1%.

"Europe is likely to be the weakest region for global expansion next year," says Julian Callow, chief European economist at Barclays Capital in London.

That could slow the global recovery in 2010, since the euro zone accounts for more than a fifth of world economic output. Rising unemployment, the end of government stimulus measures and the strong euro are set to weigh on Europe's recovery next year, although few analysts expect the euro zone to fall back into recession immediately.

The euro-zone economy expanded 0.4% in the third quarter, Eurostat said, translating into a 1.5% annualized rate, as calculated by J.P. Morgan in London.

Detailed breakdowns aren't available yet for most countries, but the meager rises in gross domestic product—a measure of total output of goods and services—suggest consumers and many business sectors are still feeling the pain from Europe's deepest recession since the 1930s.

"The crisis is still here, still impacting our daily life," said Gerolamo Caccia Dominioni, chief executive of Italian knitwear maker Benetton Group SpA. Benetton's revenue climbed 13% to €609 million ($910.3 million) in the third quarter from a year earlier, while net income jumped 43% to €54 million, the company said.

Despite the improvement, Mr. Dominioni said he expects a long, slow recovery. In Italy, consumers are cutting spending as fears mount over potential job losses, he says.

Although business surveys show that activity is picking up, the recovery is starting from a very low level, after much of corporate Europe suffered steep declines in output in late 2008 and early 2009. Many companies have excess capacity for the year ahead, despite the return to growth, so economists expect unemployment to keep rising.

Other factors constraining Europe's recovery include banks' restrictive lending, the end of government stimulus measures over the next year, and the strong euro, which makes it harder for European exporters to compete abroad.

Growth rates in Europe currently lag behind those of the U.S. economy, which expanded at an annualized rate of 3.5% in the third quarter, although many analysts expect the U.S. to grow at a more moderate pace in coming quarters.

Europe has no widely recognized authority that declares when recessions begin and end, as the National Bureau of Economic Research does in the U.S. Instead, economists and policy makers in Europe assume a recession is over when quarterly GDP starts rising again after a slump, provided the rise isn't a brief anomaly.

Friday's patchy growth data support the European Central Bank's caution about the recovery. ECB officials recently emphasized the uncertainty of the economic outlook, noting that fiscal-stimulus policies will expire while many banks and businesses are trying to reduce their indebtedness.

Within Europe, Germany appears to be benefiting most from the revival of world trade. Germany's large capital-goods industries mean it benefits directly from rising investment spending in China and other emerging economies.

Machine-tool maker Ernst Ludwig Emde GmbH, based in Germany's Ruhr Valley industrial heartland, is currently enjoying fast-growing sales to China's automobile industry. The recovery in sales has been gathering steam since July, said Horst Gabriel, chief executive of the company.

Revenue in 2009 will be down by 25% or more compared with last year, despite the present improvement, Mr. Gabriel said. He worries that business investment will stagnate in Europe and the U.S. in months ahead, but is more confident about emerging economies. "Ten years ago, our main export market was Western Europe. In recent years it was Eastern Europe. Now it's China," he said.

European countries that—unlike Germany—had real-estate and consumer-spending bubbles are struggling the most.

—Stacy Meichtry in Rome contributed to this article.

Sinking dollar aids U.S. exports, but trade gap grows

By Kelly Evans

The U.S. dollar's recent weakness is helping lift the sale of American goods elsewhere, but it isn't yet narrowing the nation's trade deficit.

While exports of goods and services rose by a seasonally adjusted $3.7 billion in September, higher fuel prices and strong demand for imported autos more than offset the gain, pushing the trade deficit to its widest point since January and highlighting a dilemma for policy makers: As the economic recession winds down, the trade deficit is quickly expanding.

U.S. imports rose by $9.3 billion in September to $168.4 billion, the Commerce Department said Friday. The 5.8% increase from August was the largest one-month percentage gain in 16 years, and helped push the trade deficit to $36.5 billion in September from $30.8 billion the month before.

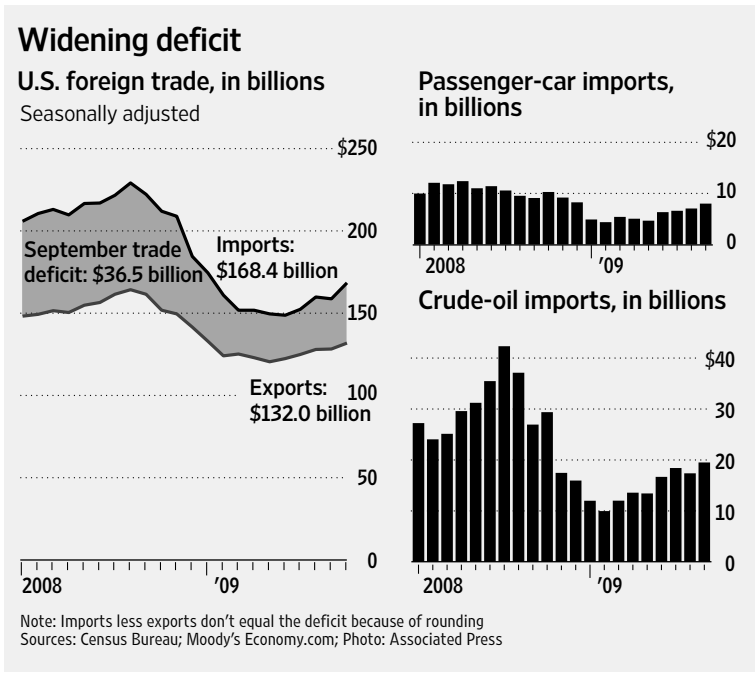
"The widening deficit is a warning that as U.S. domestic demand increases, imports will bounce more than exports," said Nigel Gault, chief U.S. economist at consulting firm IHS Global Insight. "That means that the trade deficit will keep widening, and that trade will be a drag on growth."

The September figures will knock nearly half a percentage point off the nation's estimated 3.5% growth in gross domestic product during the third quarter, he added. Imports undermine the nation's growth because they send consumer and business dollars abroad, and thus must be subtracted from total spending in any given quarter.

Meanwhile, a separate report Friday produced by Reuters and the University of Michigan showed U.S. consumer sentiment declined in November for the second month in a row, which could keep a lid on spending in the months ahead. Prices of imported goods posted a 0.7% gain in October, another report by the U.S. Labor Department showed, and remain 5.7% below year-ago levels, suggesting inflation pressures remain at bay.

Although increased imports pushed the trade gap wider in September, they also signal that economic conditions are showing some improvement.

"It's an indicator that people have money to spend," said Zach Pandl, an economist with Nomura Securities. "The fact that total volumes are improving is a good sign the economy is pulling out of recession."



Long term, however, economists say the U.S. needs to address its trade deficit by spurring exports to help offset imports of other nations' goods and services. One way to do that is by lowering the value of the dollar relative to other currencies, making U.S. goods and services cheaper abroad and more attractive to buyers.

That is already beginning to take place, as a recovery of the global economy has reversed investors' "flight to safety" that spurred demand for dollars during the past year. The U.S. dollar traded near a 15-month low last week against a basket of other currencies.

Even so, "the dollar may need to decline further," said Mr. Pandl, to spur exports enough to help narrow the trade gap and lift U.S. economic growth.

But the U.S. currency's downward slide is being met with resistance among trading partners from London to Bangkok to São Paulo, who are concerned the weak dollar is hurting their own competitiveness in export markets. A number of emerging nations are intervening in currency markets to buy dollars and stem the appreciation of their own currencies.

Meanwhile, the falling dollar is also prompting some public outcry in the U.S., forcing policy makers in the White House and Treasury to reiterate their commitment to a strong currency even though its falling value is a help to many U.S. businesses.

"There are huge disagreements about the speed and cost" of the dollar's decline, Mr. Pandl said. "The realignments we're looking for are still a ways off."

—Bob Davis contributed to this article.

Sept. 11 trial will test New York

Big infrastructure needs to be installed to ensure security

By Suzanne Sataline

The trial in a U.S. court of Khalid Sheikh Mohammed and his four co-defendants is expected to be one of the costliest cases tried in New York City, with security precautions that will likely exceed previous high-profile terror and mobster cases.

Federal and city officials will have to bolster the infrastructure at the U.S. District courthouse downtown, just blocks from the former World Trade Center site. The infrastructure will include barriers, guard houses and a special area for reading classified documents. And a large number of federal marshals will be assigned to safeguard the judge, jurors and witnesses, former federal prosecutors said.

"It will be extraordinary," said Andrew Hruska, a former chief assistant U.S. attorney in Brooklyn, N.Y., now a partner at King & Spalding in New York.

A spokesman for the U.S. Marshall's office, which provides security for federal trials, said the office had no immediate comment on the pending trial.

New York City Mayor Michael Bloomberg assured the White House and New Yorkers that the city was capable.

"We have hosted terrorism trials before," Mr. Bloomberg said, citing the 1995 trial of Sheik Omar Abdel Rahman, the blind Egyptian mastermind of the 1993 World Trade Center bombing, who was convicted, along with other Islamic militants. The New York Police Department, he said, has "experience dealing with high-profile terrorism suspects and any logistical issues that may come up during the trials."

Costs to the city during the 1995 terrorism trial were reimbursed by the federal government, a Bloomberg spokesman said. City police didn't provide figures.

The new trial is expected to be lengthy. Mr. Rahman's trial lasted eight months. Depending on the charges, Mr. Mohammed's trial could run as long.

Mr. Mohammed and his co-defendants would likely be housed at the Metropolitan Correctional Center, a dormitory-style jail across the street from the federal courthouse in lower Manhattan. It is the same facility that has hosted convicted Ponzi schemer Bernard Madoff, as well as various mobsters.

Officials will take precautions to make sure the defendants can't speak to others or each other. The defendants would likely be housed in the special unit on the ninth floor, where prisoners are locked down for 23- or 24-hours a day, said a former federal prosecutor.

A spokeswoman for the Bureau of Prisons wouldn't comment.

The judge, jury and witnesses would likely all be guarded, said a former federal prosecutor. Some judges have security protection for years after terrorism cases ended, he said.

The defendants would likely be chained to their chairs in the courtroom. The jury would be separated by Plexiglas to prevent the accused from lunging at them.

Evidence would also be treated in a special way. The government will likely set up a Sensitive Compartmented Information Facility, a secure, enclosed area of a building, guarded 24-hours a day, that would hold classified or top secret documents in the case. No photocopies would be allowed and documents would have to remain there, said Michael McGovern, an attorney for Ropes & Gray LLP, who, as a former assistant U.S. attorney, prosecuted defendants linked to the Sept. 11 terror attacks.

Each defense attorney would seek security clearance to review the government's information. "You're talking about FBI agents interviewing your neighbors and your family," Mr. McGovern said. "Does he like to spend money? Does he go to Vegas?"

Bigger expenses and concerns may come once the trial is over and the U.S. government must deal with Mr. Mohammed and his codefendants, especially if they are acquitted.

"Would the government let them go?" Mr. Hruska said. "And if the government is not prepared to let them go, then why are we going through the monumental risk and resources drain and risk of disclosing ...intelligence if we're just going to hold them anyway?"

Attorney-General Eric Holder said Friday, "After eight years of delay, those allegedly responsible for the attacks of September the 11th will finally face justice. I am confident in the ability of our courts to provide these defendants a fair trial, just as they have for over 200 years."

Mr. Holder said the administration hopes to send a message that the U.S. is giving the men a fair trial and upholding American values.

Associated Press

Khalid Sheikh Mohammed, the accused mastermind of the Sept. 11 attacks.

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REVIEW & OUTLOOK

KSM Hits Manhattan—Again

Coming soon to a civilian courtroom blocks from Ground Zero: Khalid Sheikh Mohammed and the four other al Qaeda planners of 9/11. Be sure to get your tickets early, and don't forget to watch out for the truck-bomb barricades and rooftop snipers.

Attorney General Eric Holder, who dropped this legal bomb on New York Friday, called his decision to move their trial on war crimes from a military courtroom at Guantanamo Bay to American soil "the toughest" he has had to make. Other words come to mind. For starters, intellectually and morally confused, dangerous and political to a fault.

This decision befits President Obama's rushed and misguided announcement on his second day in office that he would close Gitmo within a year. This was before the Administration had thought through what to do with the 215 prisoners there, though it did win him applause in Europe and on the American left. Friday's decision rids Gitmo of these meddlesome detainee cases in order to speed up this entirely political shutdown.

Please spare us talk of the "rule of law." If that was the primary consideration, the U.S. already has a judicial process in place. The current special military tribunals were created by the 2006 Military Commissions Act, which was adopted with bipartisan Congressional support.

Contrary to liberal myth, military tribunals aren't a break with 200-plus years of American jurisprudence. Eight Nazis who snuck into the U.S. in June 1942 were tried by a similar court and most were hanged within two months. Before the Obama Administration stopped all proceedings earlier this year pending Friday's decision, the tribunals at Gitmo had earned a reputation for fairness and independence.

As it happens, Mr. Holder acknowledged their worth himself by announcing that the Guantanamo detainee who allegedly planned the 2000 bombing of the U.S.S. Cole off Yemen and four others *would* face military commission trials. (The Pentagon must now find a locale other than the multimillion-dollar, state-of-the-art facility at Gitmo for its tribunal.)

> A dangerous terror-trial decision.

Why the difference? Mr. Holder seemed to suggest that the Cole bombers struck a military target overseas and thus are a good fit for a military trial, while KSM and comrades hit the U.S. and murdered civilians and thus deserve a U.S. civilian trial. But this entirely misunderstands that both groups are unlawful enemy combatants who are accused of war crimes, whatever their targets. Mr. Holder's justification betrays not a legal consistency but a fundamentally political judgment that he can make as he sees fit.

The Military Commissions Act, by contrast, devised a careful, consistent legal process for every detainee. Remember when critics blamed President Bush for exercising too much executive discretion?

Mr. Holder expressed confidence that KSM and the rest will be convicted, but it is telling that he also delayed filing formal charges. Will KSM be charged with the 9/11 murders, or merely with "material support" for terrorism or some lesser offense? The charges may depend on how much evidence is admissable in a civilian courtroom. The MCA allowed for the reality that much of the evidence against enemy combatants may be classified, and it allowed for some hearsay evidence picked up on a battlefield. A civilian court has far tighter rules of evidence.

KSM and his co-conspirators so far have refused legal counsel and at one point tried to plead guilty. They may again. But an army of self-declared defenders of human rights from Yale Law and Shearman & Sterling will clamor to represent them. Those lawyers are certain to challenge all evidence obtained after KSM's March 2003 capture on grounds that it was produced by "torture," if you call waterboarding torture.

As he said at a hearing in 2007, "I was responsible for the 9/11 operation from A to Z." But even that admission will probably be challenged on grounds that the trauma of his "torture" means he wasn't capable of "informed consent." Oh, and once he got to Gitmo in 2006, he may not have been read his Miranda rights in full. The possibility exists that one or more of these detainees could be acquitted on procedural grounds, which would be a travesty of justice.

An open civilian trial will provide valuable information to terrorists across the world about American methods and intelligence. Precisely because so much other evidence may not be admissable, prosecutors may have to reveal genuine secrets to get a conviction. Osama bin Laden learned a lot from the 1995 prosecution in New York of the "blind cleric" Sheik Omar Abdel Rahman for the first World Trade Center attack. His main tip was that the U.S. considered bin Laden a terrorist co-conspirator, leading him to abandon his hideout in Sudan for Afghanistan.

Terrorists also love a big stage, and none come bigger than New York. Zacarias Moussaoui, the so-called 20th hijacker, made his civilian trial a spectacle. And Mr. Holder has invited grave and needless security risks by tempting jihadists the world over to strike Manhattan while the trial is in session.

Most Americans, we suspect, can overlook the legal niceties and see this episode through the lens of common sense. Foreign terrorists who wage war on America and everything it stands for have no place sitting in a court of law born of the values they so detest. Mr. Holder has honored mass murder by treating it like any other crime.

Gordon Brown's Global Tax Trap

In the department of bad ideas that won't go away, Exhibit A is a global tax on financial transactions. British Prime Minister Gordon Brown mooted the tax last weekend before the G-20 finance ministers in St. Andrews, Scotland, where he was promptly rebuffed by Treasury Secretary Timothy Geithner. "That's not something we're prepared to support," Mr. Geithner said.

Tax competition is a *bête noire* for the Western European countries whose governments eat up close to half of their economies. The U.K. is back in that club after the post-financial-panic recession lopped 6% off its GDP. Scrambling for revenue—and unwilling to hamstring London markets alone—Mr. Brown is suddenly promoting *global* tax coordination.

Sometimes called a Tobin Tax after the late Yale economist James Tobin, the financial transaction tax has been floated in the name of many causes over the years—now, in Mr. Brown's version, to pay for financial bailouts past and future. But the notion that such a tax could be earmarked to bail out banks deemed too-big-to-fail vanishes in the presence of thought. The very idea that such a fund existed could be harmful to financial stability by creating the illusion that government is better prepared to deal with a financial panic than it actually is. It would also reinforce the notion that financial bailouts have become a normal, and even expected, fact of economic life.

Like all tax-harmonization schemes, the Tobin levy is designed to raise taxes above a level that is hard to sustain in a competitive world. This is why its backers have always insisted on a global imposition of the tax. Kudos to Secretary Geithner for offering Mr. Brown a reality check.

Korea's Berlin Wall

One trigger for the collapse of the Berlin Wall 20 years ago was the flow of East Germans across their country's newly opened border to Hungary, then on through Austria to West Germany. One day a similar flow of refugees from North Korea to China and on to South Korea could help bring down Kim Jong Il's barbarous regime and help re-unify Korea.

> Obama, China and the stranded refugees.

We hope the subject of North Korean refugees in China is on President Obama's agenda when he visits Beijing this week. There are at least tens of thousands of refugees hiding in China and perhaps as many as 300,000, according to human rights groups. Beijing's policy—contrary to international law—is to track them down and send them back to the North, where they face severe punishment for the "crime" of leaving their country without permission. Anyone who helps the refugees is subject to fines, arrest and jail time. Under Chinese law, even giving food to a refugee is a crime.

Specifically, Mr. Obama could ask Beijing to release five North Korean refugees who were caught recently trying to sneak across China's border to Vietnam. That's a popular escape route for refugees, who then usually go on to safety in South Korea, whose constitution requires that it accept all North Koreans who request asylum. The five arrested refugees were trying to reach the South. Nine other refugees recently received asylum at the Danish embassy in Hanoi.

The five refugees are awaiting repatriation in a Chinese detention center near the North Korean border, according to the International Network of North Korean Human Rights Activists in Seoul. They include one man, three women and a six-year-old boy, the Network says. Two of the women had been sold to Chinese men. The going price for a North Korean "bride" ranges from "$700 for a plain-looking woman to over $1,000 for a more attractive" woman, says Tim Peters, a Seoul-based American pastor who helps refugees. The boy is half-Chinese.

If sent back to the North, the refugees are likely to end up in Chongori prison camp, an experience they are unlikely to survive. The Chosun Ilbo newspaper in Seoul recently broke the news of the camp, which is dedicated to repatriated refugees and whose harsh conditions are intended to stop the flow of refugees to China by scaring citizens into staying put. At Chongori, the paper reports, "inmates are doomed to die of malnutrition." They are forced to work 14 hours a day and their daily diet consists of two potatoes and a handful of cornmeal, refugees told the paper. The U.S.-based Committee for Human Rights in North Korea commissioned satellite images of Chongori. They are posted at www.freekorea.us.

Mr. Obama's nominee for Special Envoy for North Korean Human Rights Issues is Robert King, whose confirmation hearing was held earlier this month in the Senate Foreign Relations Committee. Mr. King said he would press China to uphold its obligation under the international Refugee Convention not to forcibly return North Koreans.

In Beijing this week, Mr. Obama could pledge U.S. assistance should China be overrun by refugees fleeing the North. This is one of Beijing's big worries in the event of a destabilized North Korea. But a humanitarian crisis is taking place now. The President could demonstrate the U.S. commitment to the human rights of the refugees already in China by demanding the release of the five we know about.

The Journal Interview with Seth Lipsky / *By James Taranto*

Our 'Constitutional Moment'

New York

Seth Lipsky has a knack for seeing the bright side of things. A nearly 20-year veteran of this newspaper, including its editorial page, he cheerfully acknowledges the obvious: This is far from a golden age of free-market conservatism. Of President Obama, he tells me over lunch, "I sense that he has a very leftist, socialist-oriented worldview."

Yet this makes Mr. Lipsky anything but grim: "I for one find this very exciting. . . . We're just at a great moment."

Why? Because, he says, "America is in what I call a constitutional moment." Mr. Obama's efforts to expand government power raise basic questions about the constitutional limits of that power. "The enumerated-powers argument is enormous," Mr. Lipsky says. "It's just enormous, the ground that is open for contest here. . . . Right now, we're at a moment where we're not going to be able to turn to either the Congress or the executive branch for help on this." He believes "the only defense now, the only tool we have now, is the Constitution. That's why I call it a constitutional moment, as opposed to a political moment."

> The New York newspaperman says America's founding document is especially vital amid expanding state power.

That makes it an auspicious moment for Mr. Lipsky's new book, "The Citizen's Constitution: An Annotated Guide." The U.S. Constitution is a brief document, taking up just 42 pages in a popular pocket-size edition from the Cato Institute. Mr. Lipsky expands it to 287 pages of 5 by 8 inches, by way of 327 lengthy footnotes in which he discusses each and every constitutional clause in the context of history, case law and current events. There are an additional 36 pages of bibliographic references, making it the only book I've seen in which the footnotes have endnotes.

Mr. Lipsky doesn't remember exactly when he thought of the idea, but he believes it was in the late 1980s. "I got into an argument over abortion and was talking to someone about the right to privacy," he recalls. "I looked at a pamphlet the government had issued with a text-only edition of the Constitution, and I realized I couldn't find the word 'privacy' in the Constitution. I began to think about a better edition." Mr. Lipsky's edition has an index, where the listing for "privacy, right to" directs the reader to the chapters on the Third, Ninth and 14th amendments.

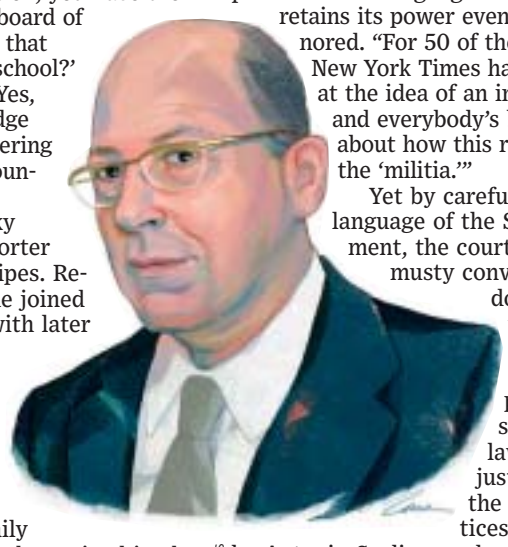
As a newspaperman for 40-plus years—in addition to working for the Journal, he founded two papers of his own—Mr. Lipsky has built a career on the First Amendment. But his enthusiasm extends as well to the preamble, the original seven articles and the 26 other amendments.

"For years I've been sending memos to people who worked for me—desk editors, reporters, editorial writers—constantly trying to raise their consciousness about the usefulness of the Constitution in editorial work," he says. "Usually these memos that I would send would be simple memos, like, 'Where the hell does the Congress get the power to do that?' or, 'The New York Sun will not carry a dispatch about the Second Amendment which does not quote Justice Story as saying the Second Amendment is the palladium of our liberties.'"

In 1968, after graduating from Harvard, Mr. Lipsky took a reporting job at the Anniston Star in Alabama. He was there just seven months before he was drafted and sent to Vietnam, but it was long enough to provide a formative experience. He visited Frank Johnson, then a federal district judge, who had been a member of the three-judge panel that ordered the desegregation of Montgomery buses after Rosa Parks's arrest. Johnson also presided over *Lee v. Macon County,* a school-desegregation case that began in 1963.

He told Mr. Lipsky about the trial: "The school board was ready to accede when Gov. [George] Wallace heard about it and ordered them not to. So Johnson gets [Wallace] into court, and he says, 'On what basis are you objecting to this order?' [The governor] says, 'Well, I'm the ex officio chairman of the state board of education, and under that authority, I'm telling them not to integrate the schools.'

"Johnson says, 'As ex officio chairman of the state board of education, you have the power to tell the school board of Macon County, Alabama, that they can't integrate the school?' And the governor says, 'Yes, your honor, I do.' The judge says, 'Well, then, I'm ordering you to integrate all 67 counties in Alabama.'"



Zina Saunders

In Vietnam, Mr. Lipsky worked as a combat reporter for Pacific Stars and Stripes. Returning to civilian life, he joined the Journal in Detroit, with later postings in Hong Kong, New York and Brussels. He left in 1990 to start an English-language weekly edition of the Forward, a venerable Yiddish newspaper. In 2002, he founded the daily New York Sun—or rather he revived it, the original Sun having folded in 1950. The new Sun attracted a small but influential readership and gave many aspiring writers their start. It ceased publication last year, although Mr. Lipsky and a small stable of writers still publish occasional stories at nysun.com.

The optimism that drove Mr. Lipsky to start a daily newspaper in the Internet age also informs his view of the prospects for American governance. "One of the wonderful things about the Constitution is that anybody can play," he says. "Ordinary people asking simple questions have affected the country in enormous ways using this document. . . . It's just astounding the way individual predicaments and problems are used by the [Supreme] Court to lay down broad principles in the country."

To prove his point, he cites examples from the 1930s, the 1960s and the current decade.

The 1935 case of *Schechter Poultry Corp. v. U.S.* was decided at a time when the liberal political juggernaut looked even more unstoppable than today. Mr. Lipsky describes the facts: Enforcing the National Industrial Recovery Act, which gave the president vast powers to regulate business, "government thugs went into the kosher butcher shop of the Schechter family in Brooklyn, and they arrested its proprietor on criminal charges."

Among the charges: permitting a housewife "to pick which chicken she wanted." This measure provoked some levity during oral arguments at the Supreme Court: "The judges are asking a question about, 'How is the housewife supposed to pick out her chicken when she can't look at it?' Schechter's lawyer reaches over his shoulder into an imaginary cage and starts pitching around for a chicken, and the Supreme Court started laughing."

The justices ruled unanimously in Schechter's favor and declared the act unconstitutional. "They ended the New Deal," Mr. Lipsky says. Then, with more feeling: "They ended the New Deal!" (This overstates the case somewhat. The court later upheld the Social Security Act and the National Labor Relations Act.)

Gideon v. Wainwright (1963) "involved this guy who was arrested in Florida for robbing a poolroom. He goes into the court and says, 'The Supreme Court says I have a right to a lawyer.' The judge says . . . something to the effect of, 'Not in the state of Florida, you don't.' He gets convicted; he gets sent to prison. While he's in prison, he goes to the prison library. This derelict basically writes an appeal to the Supreme Court . . . in pencil and paper—a pauper's petition that says, 'I have a right to a lawyer.' The Supreme Court notices it, assigns Abe Fortas"—who himself joined the court in 1965—"to defend him. He wins the right to a lawyer for everyone accused of a crime in America."

Last year's *District of Columbia v. Heller,* in which the court held that the Second Amendment protects an individual right to own firearms, exemplifies Mr. Lipsky's point that the language of the Constitution retains its power even when long ignored. "For 50 of the 200 years, the New York Times has been sneering at the idea of an individual right, and everybody's been talking about how this right belongs to the 'militia.'"

Yet by carefully analyzing the language of the Second Amendment, the court cast aside that musty conventional wisdom. Mr. Lipsky, who describes himself as "a partisan of the plain-language school of the law," applauds not just the result but the method the justices, in an opinion by Antonin Scalia, employed to reach it: "They really get into the language. I mean, the actual grammar, the sentence structure, the subordinate and not-subordinate clauses, which—forgive me, but I've been arguing for a generation and a half as an editorial writer, the plain language of this thing is plain."

Although anybody can play, not everybody can win. In 2003, the high court ruled against Susette Kelo and allowed the city of New London, Conn., to seize her house under eminent domain and turn the land over to private developers.

"It's just unbelievable, that case," Mr. Lipsky says—and all the more so in light of the latest development, or rather the lack of development. Last Monday, Pfizer Inc., which was to have built offices on the now-barren site, announced that it was leaving New London altogether as part of a consolidation move.

Such disappointments notwithstanding, Mr. Lipsky's passion for the Constitution is a tonic for political depression. If ObamaCare does become law, to take an especially worrying example, it isn't hard to imagine a lot of Americans facing "individual predicaments," including threats to their lives from government rationing. It's some comfort to think they'll be able to petition for a stay—and to demand an answer to the question in that old Lipsky memo: "Where the hell does the Congress get the power to do that?"

Mr. Taranto, a member of The Wall Street Journal's editorial board, writes the Best of the Web Today column for OpinionJournal.com.

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Washington's Gift to European Biotech

By Benedetto Della Vedova

European researchers are on the cusp of overtaking their American counterparts in biotechnology innovation, especially when it comes to the development of cutting-edge medicines known as "biologics." These medicines are grown in living cells and consist of molecules thousands of times bigger than those in conventional drugs.

In 2004, European biotech firms had access to only 20% of the private equity financing that U.S. firms had. Today the European Union has just about as many dedicated biotechnology firms as the U.S., according to OECD figures.

Yet just as the European biotech industry's substantial investments in research and development—about a third of revenues in recent years—are beginning to pay off, U.S. policy makers are considering legislation that would hamstring biotech research in their own country. This would provide a welcome boost to Europe's biopharmaceutical sector but hurt the U.S. industry and overall scientific progress.

A bill currently before the U.S. Congress would allow drug companies to make knock-off versions of biologics much sooner than in Europe. To shepherd these advanced drugs from the research lab to a patient's bedside over the course of a decade can cost more than $1.2 billion. To encourage this sort of expensive R&D, companies are typically allowed to keep their research data private for a set amount of time. Only after this "data exclusivity period" has passed can copycat drug makers use an innovator's research data to make biosimilars. Firms manufacturing such knock-offs have of course much lower costs than the innovators because they don't have to spend billions on drug discovery and development.

Without a significant exclusivity period, however, biotech companies won't have enough time to recoup the huge sums they have invested. Instead, they'd immediately have to compete with biosimilars, which are less expensive than the brand-name biologics but have much the same medicinal effect.

A study released in September by Henry Grabowski, an economist at Duke University, pegs the ideal period for preserving innovation at 12 years. "If the data exclusivity period is too short," Mr. Grabowski argued, "biotech firms may elect to invest in lower-risk biosimilars rather than to pioneer innovative products."

U.S law makers are considering a data exclusivity period of between five and seven years. This will make it nearly impossible for American biologic makers to be globally competitive. Firms in the EU enjoy 10 years of exclusivity with the option of an additional year if a biologic shows particular promise.

The EU adopted this standard in 2003 to increase the competitiveness of the continent's pharmaceutical and biotech firms. And it has paid off, as the recent success of European firms illustrates.

If the U.S. decides to handicap its drug makers, the task of creating the next generation of biologic drugs would fall primarily to Europe. This would mean more investment dollars, more jobs, and more research facilities on this side of the Atlantic.

This would be a historic shift. For much of the past few decades, American biotech researchers have left the Europeans in the dust. If American lawmakers proceed with their plan to undermine the U.S. biotech industry, Europe may again take the lead.

Mr. Della Vedova is a member of the Italian Chamber of Deputies and a former member of the European Parliament.

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

How Obama Can Shape Asia's Rise

By Chung Min Lee

Twenty years after the fall of the Berlin Wall, President Barack Obama's Asia tour will conclude this week with a visit to South Korea—the world's last Cold War frontier. Even as he ponders critical next steps in Afghanistan, Pakistan and Iran, the president in Asia faces a region on the cusp of fundamental change. More so than any of Mr. Obama's predecessors, how his administration chooses to help shape Asia's rise throughout the first quarter of the 21st century is going to have a critical impact on America's own future as a superpower.

For the first time in world history, three major regions—North America, continental Europe and East Asia—are sharing the world stage. This is possible in no small part because the U.S. engineered the post-World War II pacification and reconstruction of Germany and Japan. Indeed, the eventual formation of the European Union and Asia's rise over the past half century would have been impossible without two critical ingredients: America's security umbrella and the opening of its markets to European and Asian goods. Having created this tripolar world, the U.S. and especially President Obama now need to focus on three core issues to shape the world for the next half century.

First, the world's and Asia's long-term prosperity and stability depend increasingly on China's role as a viable stakeholder. This will depend in turn on the nature of China's engagement with the U.S. and the strategically consequential powers of Asia such as Japan, India, Indonesia, South Korea and Australia. China has replaced the U.S. as the biggest trading partner for many of Asia's leading economies. It also is growing more assertive of its territorial claims, for instance with the Spratly and Paracel islands in the South China Sea, and Beijing is more willing to send its navy further afield.

No Asian country is entirely comfortable with an increasingly powerful China. The region's advanced market economies and rapidly emerging powers such as India, Indonesia and Vietnam are wary of an overbearing China. The U.S. can play a useful role as a counterbalance even as it expands cooperation with China. Despite China's trading importance, the U.S. has in Asia what China does not: direct security ties with the region's key players and five decades of political trust. President Obama should seek ways to strengthen, rather than weaken, America's linkages with its Pacific allies.

> Engaging Japan and Korea is key.

This will involve a combination of strengthening America's existing Asian alliances; expanding freedom and democracy across the region by stressing the importance of human rights and ensuring the inclusion of democratization as a key agenda in the 10-member Association of Southeast Asian Nations and other regional forums; and multipronged engagement with China commensurate with its growing influence but also aimed at advancing its social and political responsibilities at home and abroad. If NATO played a critical role in sustaining global prosperity and stability during the Cold War, America's Asian allies are going to play an equally significant role in the years to come.

Second, from a U.S. as well as a regional perspective, one of the most important bilateral relationships in East Asia is the Korean-Japanese partnership. Next year will mark the 100th anniversary of Korea's colonization by Japan. Significant historical disputes exist but it's time to move forward. South Korean President Lee Myung-bak has refused to exploit sporadic tensions in the Korean-Japanese relationship for political purposes and has expended political capital to ensure a closer partnership across the political, economic and even security sectors. As an expression of his commitment to fundamentally resetting his ties with Korea, Japanese Prime Minister Yukio Hatoyama chose Seoul as his first foreign destination last month.

Maintaining a robust U.S.-Japan alliance is crucial to buttressing stronger ties between Korea and Japan since the U.S. serves as a common security denominator for Seoul and Tokyo. The Korean-Japanese relationship was traditionally the weakest link in the U.S.-Japan-Korea triangle but that's no longer the case. As President Obama reconfigures strategic linkages with Prime Minister Hatoyama, he should bear in mind the powerful synergy that flows from this critical and comprehensive trilateral democratic partnership.

Third, Mr. Obama needs to address the situation on the Korean peninsula, which stands at a historical tipping point. The North Korean nuclear threat continues to dominate the security agenda but far greater change lies over the horizon—the day when all Koreans on both sides of the 38th parallel can live in freedom. Managing such a transition on the peninsula is going to entail the closest of coordination between Korea and the U.S. and robust confidence building with all of its neighbors, but especially with China. Mr. Obama and Mr. Lee should begin a concerted dialogue on a range of possible outcomes on the peninsula but also share their visions and strategies for a unified Korea with key regional players.

All these steps will be challenging for all sides, as the dynamic between America and Korea shows. Seoul is playing a greater role in the Group of 20 economic summits and will host the 2010 meeting, redeploying forces to Afghanistan, and increasing overseas development assistance. But to play a constructive part in the future alliance with the U.S., Seoul has to support more fully democratic institutions in Asia by providing concrete financial and diplomatic assistance, and must step up economic reforms at home to boost its prosperity. As for Washington, continuing to delay the passage of the Korea-U.S. Free Trade Agreement for myopic political interests will only elevate unnecessary tensions.

When U.S. President-elect Dwight Eisenhower visited Korea in the midst of war in 1952, he could never have imagined how America's alliances would transform the face of Asia and Korea. As President Obama travels through Asia, one of the leading barometers of America's continuing influence over the next two to three decades surely resides in how he chooses to manage America's Asian alliances.

Mr. Lee is dean of the Graduate School of International Studies at Yonsei University in Seoul.

Declarations / *By Peggy Noonan*

Just the Facts, Mr. President

The president has been taking time thinking about Afghanistan. I cannot see why this is bad. If he's really thinking, he's not dithering—thought can be harder than action, weighing plans as hard as choosing and executing one. A question of such consequence deserves pondering. A president ought to summon and hear counsel before committing or removing American troops.

The president is not, apparently, holding serious discussions with the most informed and concerned Republicans from Capitol Hill and what used to be called the foreign-policy establishment, and this, if true, is bad. The cliché that politics stops at the water's edge is a fiction worth preserving.

> Approach Afghanistan with sheer, blunt logic and a clear plan.

It's a story that ought to be true and sometimes is true. There seems to be something in this president that resists really including the opposition. Maybe it's too great a sense of self-sufficiency, or maybe he's bowing to the reigning premise that we live in a poisonously partisan age, that the old forms and ways no longer apply. But why bow to that? To bow to it is to make it truer. The opposition is full of patriots who wish their country well. Bow to that.

All will depend on the outcome. If his decision is sound and ends in success, history will not say he was indecisive and Hamlet-like. If his decision results in failure, history will not celebrate his wonderfully cerebral deliberative style.

President Obama will tell us his decision soon, probably in a speech. Because it will be big, and high-stakes, there will be people telling him he must do many things, including tug at the nation's heart strings and move it with his vision. He really shouldn't do this.

Now of all times, and in this of all speeches, sheer, blunt logic is needed. He must appeal not to the nation's heart but to its brain. America is not in a misty-eyed mood, and in any event when the logic of a case is made, when the listener's head is appealed to, his heart will become engaged, because the heart is grateful. *He's talking to me like I'm a person who thinks, like I've got an IQ. Thank you, Mr. President!*

It is a secret of politics, a deep inside secret known to so few that even the most experienced operatives are unaware of it, that people are thinking creatures. They're not "the masses," waiting to be manipulated. They think, they calculate. This is true now more than ever.

* * *

One day in October 1962, a young president had to tell America something dreadful. What had once been a friendly nation 90 miles from our shore, a nation we'd long and until very recently been used to seeing as peaceful and nonthreatening, was receiving from the Soviet Union nuclear weaponry that we had every reason to believe would be or were aimed at us. It was dreadful news—literally, dreadful.

The president had to tell his country, which didn't have a clue, all about it, and announce in the same speech what exactly he was going to do and why exactly his plan was the right one and deserved support.

That was a lot of pressure for one speech to bear. John F. Kennedy and his speechwriter Ted Sorensen bore it by being direct, densely factual and no-frills. Hard to imagine a speech beginning more bluntly than this:

"Good evening, my fellow citizens. This government, as promised, has maintained the closest surveillance of the Soviet military buildup on the island of Cuba. Within the past week, unmistakable evidence has established the fact that a series of offensive missile sites is now in preparation on that imprisoned island. The purpose of these bases can be none other than to provide a nuclear strike capability against the Western Hemisphere. Upon receiving the first preliminary hard information of this nature last Tuesday morning at 9 a.m., I directed that our surveillance be stepped up. And having now confirmed and completed our evaluation of the evidence and our decision on a course of action, this government feels obliged to report this new crisis to you in fullest detail."

He did, in a style that assumed the intelligence of those listening, that assumed as a matter of course their ability to follow an argument and absorb densely presented data.

It would be a real relief to hear this approach from anyone in public life today. Politicians in general no longer assume that we all more or less operate on the same intellectual level, with roughly the same amount of common sense. Instead they talk down to us.

Getty Images

Jack Webb, from 'Dragnet.'

Mr. Obama is in a drama not as urgent as Kennedy's, but every bit as consequential. The president needs to tell the public what his plan is, how he came to it, how it will work, why it will work, why we should back it, and why the world should view it with sympathy.

He will be talking to a nation full of people tested by a difficult and dramatic decade and anxious about their daily lives. But they will be willing to make a last great push if that push seems thought through, serious and credibly argued for with believable facts. Americans know their taxes at all levels of government are going to go up, as will future spending, as will the national debt. It is one thing to make a war decision in a time of plenty, with the optimism and daring such a time brings. It is another to make a war decision in a time of constriction, and the anxiety that brings.

Which gets us back to style.

"All we want are the facts, ma'am," the actor Jack Webb, playing Detective Joe Friday, used to say on the old TV show "Dragnet." He'd be interviewing the witness to a crime and she—and it was always a she—would wring her hankie, embellish and share her feelings. Joe Friday would stop her. He didn't need her emotion, he needed to hear what had happened to solve the crime: "All we want are the facts."

That is the phrase for the moment. The facts, and a sound interpretation of the facts, are the only thing that will satisfy the public.

All presidential decisions come within a context. My read of that context is that the days of foreign policy by sentiment are over. The country's mood now is intensely bottom-line.

Americans aren't concerned about Afghanistan because they are swept by democratic feeling and certain world peace will be enhanced if Afghans are able to vote in honest elections. They aren't driven only by indignation that the Afghan government is corrupt, which it is.

Americans have assumed for 40 years that every faraway country we give money to is corrupt, that the rulers and insiders skim off the top, or more commonly from the top and middle, allowing a little at the bottom to go to their people in order to show off the new health-care hut to the credulous visiting Yanks. Americans put up with this on the assumption that in the end such aid does more good than harm. And Americans aren't motivated primarily by concern about Afghanistan's inadequate infrastructure. They're concerned about their own.

They want to know: What will make America, and the world, safer? Leaving or staying? Provisionally staying, or going in more deeply and broadly?

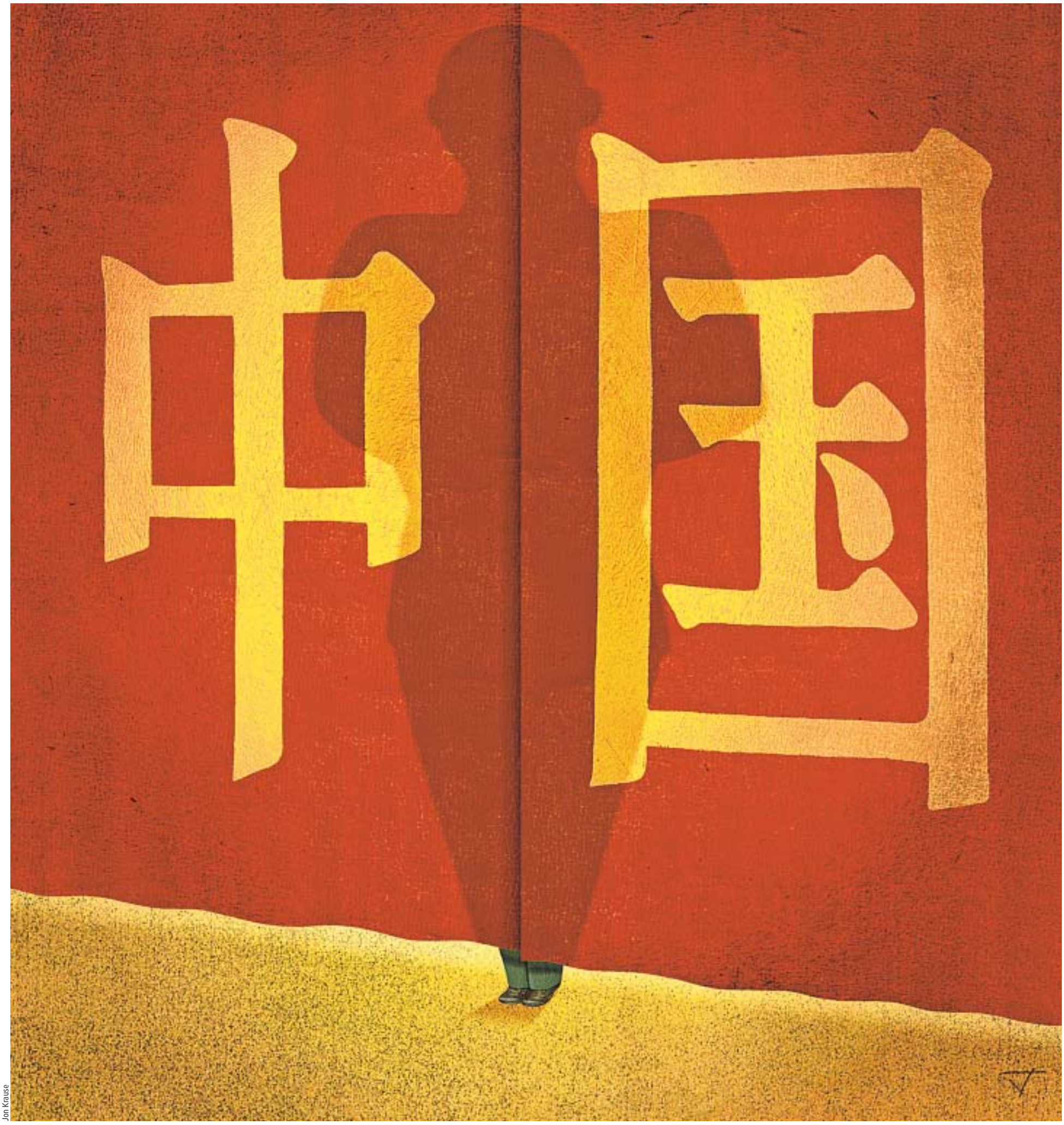
They want the facts, and then a plan. They'd be grateful to be able to believe in both.

NEWS IN DEPTH

A superpower stirs

600 years after bringing home its armada, will China once again stride the world's stage?

By Andrew Browne in Beijing



Jon Krause

NEWS IN DEPTH

THE wooden treasure ships commanded by Admiral Cheng-ho, a Chinese Ming dynasty eunuch, were among the largest vessels ever built, nautical monsters that by some accounts carried nine masts.

Bigger by far than the ships of Christopher Columbus that set out decades later for the New World, they were the flagships of an armada that ventured as far as the east coast of Africa on seven naval expeditions. The first embarked in 1405 bearing some 30,000 men; the seventh in 1430.

Then the expeditions suddenly stopped. Cheng-ho's adventures had helped to ruin Ming finances. The emperors put a halt to sea trade and closed the shipbuilding industry; China looked inward for the next four centuries. The expeditions to the "Western Seas" were a glorious aberration.

Now, at the dawn of the 21st century, the world is looking to China to assume an unfamiliar role of global leadership. At a time when American prestige is fading, China's status is rising.

U.S. President Barack Obama arrived in China late Sunday night seeking help on everything from climate change to North Korea's nuclear threat. At meetings of the Group of 20 nations, China's opinions are urgently sought on issues such as banking reform and executive pay. Persuading China to take a lead will be a challenge.

History has done little to prepare this country for the kind of leadership that an anxious international community seems so ready to thrust on it.

Unlike the U.S., China doesn't aspire to remake the world: Its longstanding mantra is "nonintervention" in the internal affairs of other countries. Even under Chairman Mao's reign, China never sought world domination, like the former Soviet Union—although it stirred up revolution in other parts of Asia and beyond. Now that China has largely discarded socialism, it's hard to find a definition for what remains of its ideology, values and world view.

Recently, at a dinner in a Beijing restaurant of a group of young Chinese professionals—several of them Communist Party members—somebody raised a question that should have been simple to answer. Can anybody list the "Three Represents?" The reference was to the political theory of former President Jiang Zemin, which has been written into the state constitution and is taught in schools. Not a single hand went up. Could anybody name two? Nobody. One? With difficulty.

A hard-nosed pragmatism is generally considered to be China's guiding principle at home and abroad: whatever produces growth in gross domestic product.

Admiration from new corners

China's aloofness from the world was interrupted when the West came knocking. In 1793, Lord Macartney was dispatched to China by Britain's King George III to open the country to trade. He arrived with presents meant to dazzle the court of the Qianlong emperor—mechanical clocks, chronometers, telescopes and mathematical instruments. The 600 packages required 200 horses and 3,000 porters to transport.

"There is nothing we lack," the emperor famously told the royal emissary. "We have never set much store on strange and ingenious objects." The British forced open the doors to trade with gunboats; an enfeebled China was carved up by Western powers in what China calls its "century of humiliation."

It's easy to forget, driving by Beijing's Olympics-inspired landmarks-the Birds Nest Stadium, the Water Cube, the colossal CCTV Tower—that until quite recently China had closeted itself again.

For most of the first 30 years of Communist rule in China, which started in 1949, it was hard and often outright impossible to get a visa. Businessmen were granted access once a year for the Canton Trade Fair. In neighboring Hong Kong, tourist buses would deliver groups of camera-toting Americans and Japanese to the border to catch a glimpse of "Red China" on the other side. The rare Chinese official who ventured to the West was a curiosity, much like North Koreans today.

China was in turmoil. To divine what was going on inside the country, foreign intelligence decamped in Hong Kong to monitor local radio stations.

Deng Xiaoping put an end to Chairman Mao's era of murderous seclusion—its endless class struggles and man-made disasters, including the world's worst famine—with his "Open Door" reforms in 1978.

The decision to open the country to foreign trade and investment, initially through Special Economic Zones along the coast, set China on its path of supercharged economic growth. China is shortly expected to overtake Japan as the world's second-largest economy.

China's achievements have provided a beacon for much of the developing world: its success in lifting 300 million people out of poverty; its fight against disease and illiteracy; its embrace of technology that has put Chinese astronauts in space. All this, while allowing an unprecedented flowering of personal freedoms.

History has done little to prepare this country for the kind of leadership that an anxious international community seems so ready to thrust on it. Unlike the U.S., China doesn't aspire to remake the world: Its longstanding mantra is 'nonintervention.'

Now, as the global economy emerges shakily from the worst recession since World War II, China is attracting admiration from new corners.

While the Western world hurtled toward the financial abyss, China was moving ahead cautiously. It has emerged from the crisis with an economy growing powerfully. Its banks are unpolluted by toxic assets; hardly a ripple disturbs its vast pools of national savings. This year, property markets in Beijing and Shanghai are sizzling.

There are hopes, too, that China will use its new strategic heft—and its apparently deft touch—to help resolve the most pressing security issues of the times. Zbigniew Brzezinski, the U.S. national security adviser under Jimmy Carter, proposed a drastically slimmer G20—a G2, the U.S. and China—to deal with the nuclear threat posed by Iran and North Korea; the Israeli-Palestinian conflict; India-Pakistan tensions; climate change.

When he arrives in Beijing, Mr. Obama will be clutching a geopolitical "to-do" list that looks quite similar. America's broad goal has been to persuade China to assume the global responsibilities that go with its growing economic influence in a way that strengthens, rather than threatens, existing international arrangements. China, urged former U.S. Deputy Secretary of State Robert Zoellick, should become a "responsible stakeholder."

Yet China's official commitment to a "harmonious world" is often at odds with an assertive America fighting two wars in Iraq and Afghanistan. More often than not, it has meant that China has been a reluctant follower not a leader. Critics say that China's record in the world's trouble spots, from North Korea to Iraq and Darfur, suggests that it defines its responsibilities in ways that enhance its economic interests.

On North Korea, China has been heading diplomatic efforts to try to rein in Pyongyang's nuclear program. But it is hesitant to threaten the flow of Chinese oil and food that keeps the regime alive. Skeptics in the U.S. say that China holds back because it fears a collapse of North Korea that would not only unleash a flood of refugees across its border but also place U.S. forces face-to-face with its own.

Similar tensions between China's economic interests and international obligations play out in Africa, where Chinese companies are investing massively in energy and raw materials to fuel China's growth. The "no-strings" investments from Nigeria to Ethiopia fly in the face of Western efforts to link investment with improvements in human rights and the environment. In Sudan, China has sent peacekeepers to the war-torn region of Darfur, while bolstering the government by buying oil and selling arms.

Iran may provide the biggest test to date of China's willingness to lead. Washington and its European allies see China's role as critical in the effort to pressure Tehran over its nuclear program. So far, China has resisted tougher sanctions against a country that is its second-largest oil supplier after Saudi Arabia.

China's leaders wrap their great power aspirations in modesty. They point out that China is still a poor developing country, with one tenth of the per capita GDP of the U.S.

Yet China is rapidly modernizing its military forces. Every schoolchild in China knows the story of the Dowager Empress who used funds earmarked for the navy to build stone boats at the Summer Palace in Beijing. The story has become a metaphor for national weakness, and a call to arms.

A military parade last month to mark the 60th anniversary of the founding of the People's Republic of China sent a powerful message to China's 1.3 billion people. The intercontinental ballistic missiles that rumbled down Beijing's Avenue of Eternal Peace, and the tanker planes that lumbered overhead, signaled that China not only was at last a strong country, but also could project power beyond its shores.

Model of governance

These days, China's appetite for "ingenious objects" from the West knows no bounds. It has 650 million mobile phones; it has passed America as the world's largest auto market.

No emerging nation on earth has seized the opportunities of global trade more enthusiastically than China. Its decision to join the World Trade Organization in 2001 launched its economy into a new orbit. Surpluses from foreign trade—particularly with the U.S.—have helped China rack up more than $2 trillion in foreign-exchange reserves.

So what does China want to do with the enhanced status that it craves, and which the world seems equally anxious to concede to China?

Some two-and-a-half millennia ago, the Chinese philosopher Laozi wrote: "Governing a large country is like frying a small fish." The advice was aimed at the scholar-officials that ran China—a Mandarin class that became a model of governance for the ancient world. The light touch has never been a hallmark of Communist rule, or of its statecraft. That matters greatly in a world in which influence and legitimacy derive more than ever from the attractiveness of a country's governing ideals.

Last month, the Frankfurt Book Fair offered the world a glimpse into the internal workings of the Chinese state, and a case study on the limitations of China's "soft power" and its ability to lead.

China was invited to the fair as the guest of honor. The Chinese government had invested millions of dollars in the event, lining up some 2,000 Chinese writers, publishers and artists to attend. All went well until organizers invited two Chinese dissidents to a prefair symposium titled "China and the World—Perception and Reality." Furious Chinese officials threatened to boycott the event and backed down only when organizers withdrew the invitations.

"We did not come to be instructed about democracy," Mei Zhaorong, China's former ambassador to Germany, icily declared.

"Two principles also apply to the Frankfurt Book Fair," said a German foreign ministry spokeswoman. "Guests are treated like guests, and art without freedom is inconceivable."

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MARKETPLACE

Boeing Dreamliner fix turns up new issue

Aerospace giant gets fresh reminder of complexities involved in working with high-tech materials

BY PETER SANDERS

Boeing Co. said late last week it had finished fixing the problem that had forced it to postpone the maiden flight of its long-delayed 787 Dreamliner. But in making the repair, the aerospace giant got a fresh reminder of the complexities involved in working with the high-tech materials used to build the aircraft.

Damage to the area where the wings join the plane's body emerged during stress testing earlier this year. That prompted Boeing to delay flight testing of the aircraft and urgently search for a repair.

As Boeing raced to implement a remedy this summer, it discovered another issue with the composite material in the plane's wings, according to internal company documents and a person familiar with the matter. Metal bolts inside the wings of one of the six test airplanes were found to have slightly damaged the surrounding material—causing so-called delamination, or cracking—the documents show.

The damage, which Boeing engineers cited as an additional reason to keep the plane grounded, was discovered as the original problem was being fixed. It isn't known whether the five other test-flight aircraft showed similar damage.

The damage created by the metal bolts, called freeze plugs, was confined to a relatively small area. However, according to an internal Boeing document from October, it raised red flags among engineers, who decided the plane couldn't fly until the problem was corrected.

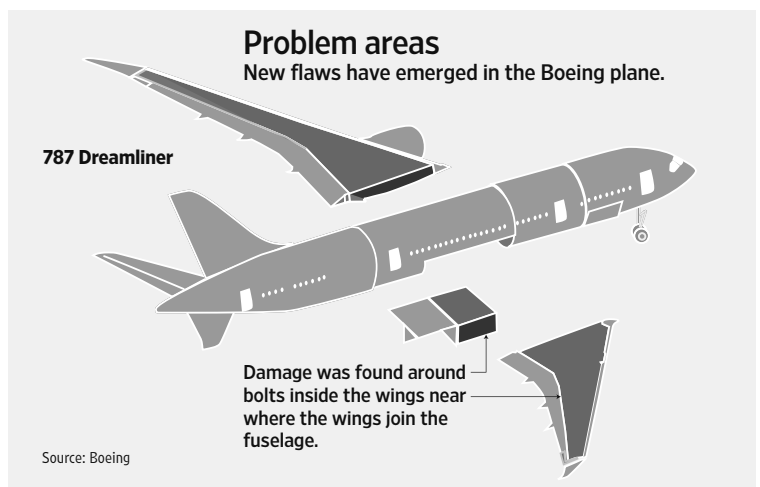
A work order written by one of the company's engineers, and reviewed by The Wall Street Journal, says, "Noted conditions are structurally and functionally acceptable to Engineering for GROUND TESTING ONLY," and adds, "NO FLIGHT TEST IS ALLOWED."

The company acknowledged Thursday that delamination occurred in the composite material surrounding bolt holes, but said it won't affect the plane's first flight or require a repair. It said it routinely uses metal freeze plugs, which are installed after being frozen in liquid nitrogen and expand as they thaw.

"The freeze plug process is a standard repair we perform on both metallic and composite structure. We have extensive experience using these techniques. We have not seen any issues with these repairs that are inconsistent with our experience or the capability of these repair techniques," a Boeing official said.

Boeing

The company is preparing to ramp up production as soon as it can to deliver the hundreds of 787s it has on order.


Problem areas
New flaws have emerged in the Boeing plane.
787 Dreamliner
Damage was found around bolts inside the wings near where the wings join the fuselage.
Source: Boeing

In developing a new airplane as complex as the Dreamliner, problems large and small are inevitable. Boeing's European rival, Airbus, encountered significant problems and delays in developing its giant A380 jetliner, though those delays involved wiring and interior-customization issues.

Composite materials, essentially sandwiched layers of carbon fiber and epoxy, can make planes lighter and more fuel efficient than conventional materials like aluminum. Airbus, a unit of **European Aerospace & Defence** Co., uses composites widely in its planes, but it has adopted them much more gradually over successive aircraft models than Boeing's big leap with the 787. Boeing's use of composites throughout the Dreamliner is the most extensive use of these materials ever attempted in a large commercial jetliner.

Boeing remains convinced that "composites are the right material choice for the 787 Dreamliner. We are progressing well toward first flight and are on track to fly by the end of the year," said Scott Fancher, vice president and general manager of the 787 program.

Though composite materials are both strong and lightweight when intact, cracks or bubbling in the materials can potentially undermine their integrity, experts say. Much remains unknown about their behavior. Boeing has only computer models to predict how they will react to the stresses of flight, especially with long-term use under the varied conditions and temperatures airplanes routinely encounter.

"Delamination is a very, very challenging problem to model analytically," says Andy Hansen, professor of mechanical engineering at the University of Wyoming and an expert in composite analysis. "If you're talking about building an airplane you want to fly for 30 years, it's an issue."

When composites are damaged, or delaminate, Prof. Hansen says, "you had better be concerned about them propagating over time."

The discovery of the damage comes at a late stage in the Dreamliner's development and production process. The company is preparing to ramp up production as soon as it can to deliver the hundreds of 787s it has on order. Crafting engineering solutions for problems such as these at this stage of the game can be exceedingly complicated and expensive.

According to a person familiar with the details, Boeing is still aiming to get the first Dreamliner airborne on Dec. 22. Workers at Boeing's massive factory in Everett, Wash., are on duty around the clock preparing the first batch of Dreamliners for test flights

Boeing executives are under intense pressure to get the Dreamliner aloft. The plane is now more than two years behind schedule, and Boeing last quarter took a $2.5 billion charge related to development costs associated with the program. These delays have cost the company hundreds of millions of dollars in concessions and penalties to its customers, though the company still has orders for 840 Dreamliners.

Swiss watch makers rebound on improved demand

BY MARTIN GELNAR

ZURICH—Swiss luxury-goods makers **Compagnie Financière Richemont** SA and **Swatch Group** AG Friday said sales are beginning to rebound amid improving demand, particularly in Asian emerging makets, adding new vigor to industry hopes that well-heeled consumers may return ahead of Christmas.

Their statements echo similar messages from consumer-goods companies including L'Oreal SA, LVMH Moët Hennessy Louis Vuitton, Bulgari SpA and Burberry Group PLC, which have either positively surprised markets or predicted an imminent end to destocking.

Richemont, the Geneva-based owner of Cartier, Piaget and Montblanc luxury brands, Friday reported a 15% fall in first-half sales to €2.38 billion ($3.54 billion) as of Sept. 30. However the rate of decline slowed to 10% in October with demand in Asia, excluding Japan, even rising 11%.

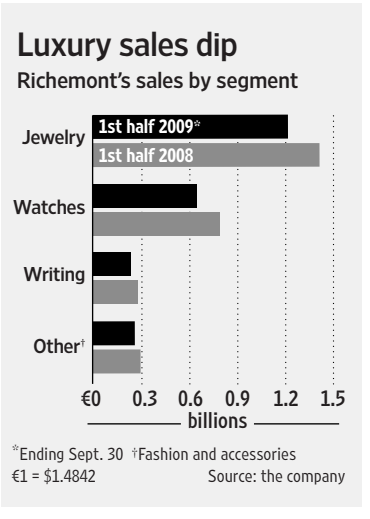
Net for the six months to Sept. 30 fell to €400 million from €867 million a year earlier. The year-ago figure included dividends from Richemont's 19% stake in British American Tobacco PLC, which was spun off last autumn.

Richemont's Cartier brand, particularly its bijoux and bridal jewelry, was among the revenue drivers, posting double-digit growth rates in Asia in October, it said. New product launches such as Vacheron Constantin's Patrimony collection and Jaeger-Le Coultre's "Hybris Mechanica a Grande Sonnerie" were also successful, the company said.

Known for its conservative guidance, Richemont said that any recovery will likely be slow. Executive Chairman Johann Rupert will assume the additional post of chief executive officer as of April, replacing Norbert Platt, who is stepping down for health reasons.

Swiss rival Swatch Group, the worlds' biggest watchmaker in terms of sales, also said demand is picking up. "We are seeing a year-on-year improvement since August in local currency terms, and we are gaining market share," Chief Executive Officer Nick Hayek said Friday. Swatch Group, which sells high-end watches such as Breguet and Omega and the basic Swatch watch, derives strength from its broad portfolio, Mr. Hayek said.

Universo, Swatch Group's watchhands maker, returned to full employment in November, abandoning plans to put its 240 employees on a short-time labor regime, he added. Credit Suisse said Richemont's results, particularly the 11% rise in Asian sales in October, bode well for Swatch Group. Swatch has a strong foothold in Asia with that region accounting for around 30%-35% of group turnover in 2008 without including Japan, analyst Patrick Jnglin said.



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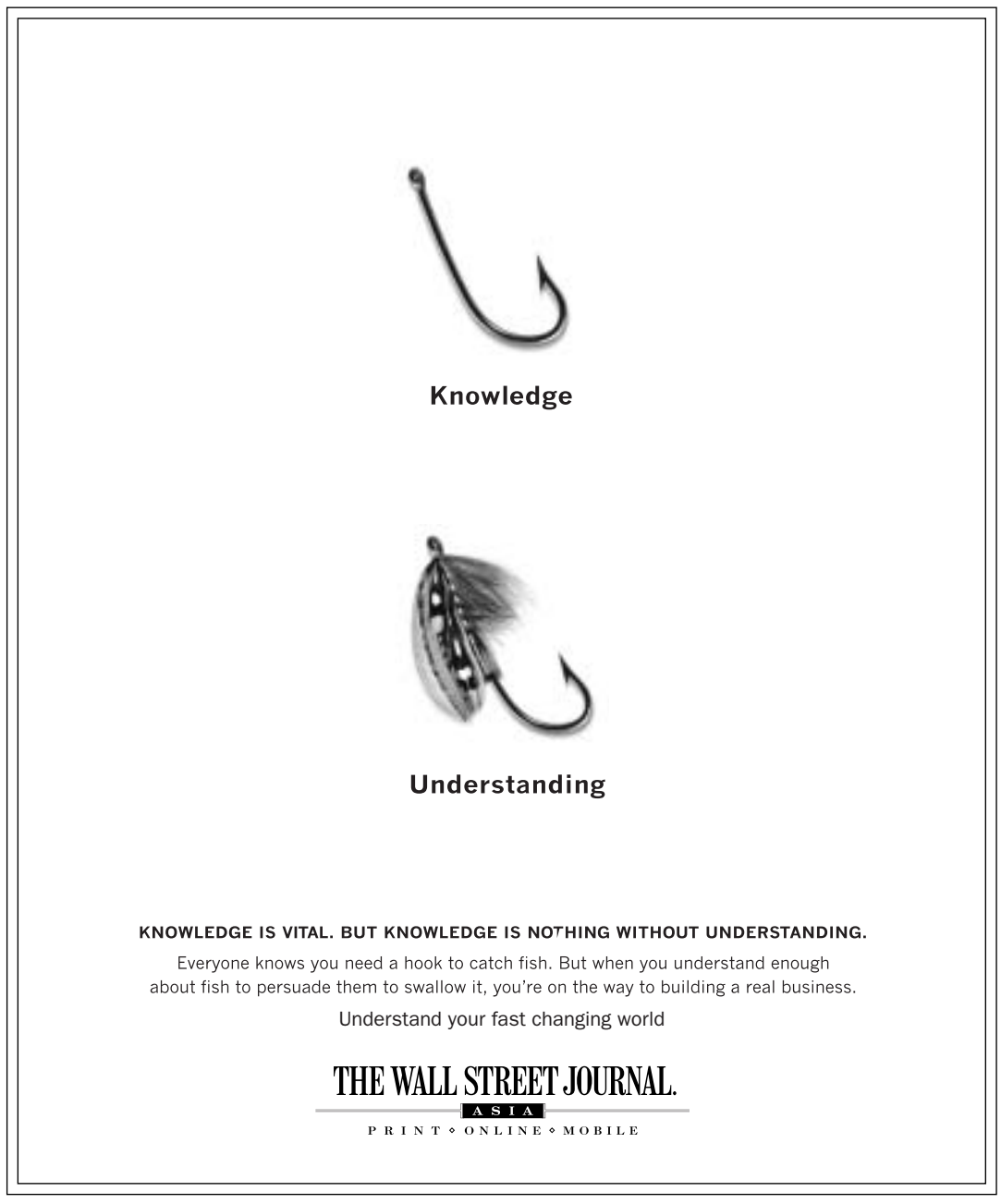
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MARKETPLACE

Dell poised to join smartphone market

Company to start in China, then Brazil

By Justin Scheck

Dell Inc. laid out plans to enter the smartphone market, starting in China and moving later into Brazil.

The move, which was expected, marks the computer maker's first foray into one of the hottest markets in the tech sector—high-end cellphones that have plenty of computing capability, allowing access to email and the Internet.

Dell said it plans to start selling a phone known as the Mini 3 in China this month. The phone will be sold by **China Mobile** Ltd., the world's biggest cellular carrier, and will run on **Google** Inc.'s Android operating system, as customized by China Mobile.

The phone will debut in Brazil later this year, a Dell spokesman said, and will also be based on the Android system, which Google designed and offers free of charge to phone makers.

While the move isn't a surprise—Dell said in August that it was working on the project with China Mobile—it marks one of Dell's biggest departures from its core business in PCs and servers and a step in the company's turnaround effort. The company, based in Round Rock, Texas, was the No. 1 PC maker three years ago but now ranks third, after losing ground to competitors **Hewlett-Packard** Co. and **Acer** Inc. Dell's founder, Michael Dell, returned as chief executive in early 2007 and has launched such strategies as using retail stores rather than relying only on direct sales.

Mr. Dell sparked speculation that the company would move into the phone market by hiring Ron Garriques, a former executive at cellphone maker **Motorola** Inc., to head the new consumer division. Since then, the company has hired engineers with phone experience and worked with outside phone developers to build prototype devices, say people familiar with the matter. Dell has also established relationships with cellular carriers by selling netbooks through them.

Dell

Dell's Mini 3 mobile phone

"Our entry into the smartphone category is a logical extension of Dell's consumer product evolution over the past two years," Mr. Garriques said, in prepared remarks.

Rob Cihra, an analyst with Caris & Co., said smartphones are an attractive market for PC makers because sales are continuing to grow, despite the recession. Global smartphone shipments in the third quarter grew 4.2% from the same period in 2008, according to market research firm IDC. The segment is dominated by **Nokia** Corp., which has a market share of almost 38%, followed by BlackBerry maker Research in Motion Ltd. at 19% and **Apple** Inc., at about 17%.

Mr. Cihra said he is skeptical that Dell can stand out in such a crowded market. One reason is the use of Android, whereas Apple and RIM have proprietary software that allows them to charge higher prices. By relying on Android, he said, Dell is "almost ensuring that it's going to be an also-ran product."

Larsen & Toubro sells part of its Satyam stake

By Ankur Relia
And Satish Sarangarajan

MUMBAI—**Larsen & Toubro** Ltd. sold a part of its stake in **Satyam Computer Services** Ltd. Friday for about 3.13 billion rupees ($67.1 million), according to Bombay Stock Exchange data.

L&T, India's biggest engineering firm by sales, sold 27.2 million shares at 114.90 rupees each, a 42% premium to the 81 rupees average price at which L&T had bought the stake.

An L&T executive who declined to be named confirmed the stake sale but didn't offer details of the transaction.

On Sept. 30, L&T and unit L&T Capital Co. held 81.13 million shares, or 6.90%, of Satyam, a Hyderabad-based software maker. L&T acquired part of the stake early this year in the run-up to an auction of a 31% stake in the software exporter.

That sale came after a government-appointed board took control of Satyam following founder B. Ramalinga Raju's confession in January that he had cooked the company's accounts for several years. At the auction, held in April, L&T, which has an information technology unit called L&T Infotech, was outbid by Tech Mahindra Ltd.

Under the bid guidelines L&T had to retain its stake in Satyam Computer for six months. This ended Oct. 13.

In late August, L&T Chairman A.M. Naik said the company expected to sell its stake in Satyam Computer by March and to make a profit of two billion rupees to 2.5 billion rupees.

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By **K.Y. Pung**

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Submissions must meet the exacting standards of independent judges in the general description of project, architecture and design, development and construction, community benefits, environmental impact and financial and marketing aspects.

Seven category winners will be announced today: property CEO of the year; high rise residential development; low rise residential development; retail development; office development; purpose-built project; and master plan.

Yu Kee Su, MPA 2009's Kuala Lumpur-based national evaluation committee chairman, who is also executive director of FIABCI Asia Pacific (FIABCI is the French acronym for International Real Estate Federation, headquartered in Paris, and FIABCI Asia Pacific is its regional grouping), says it is getting tougher each year to win the awards because competition among the submissions is keener than ever.

This year's MPA theme is "intrinsic values in holistic living" and the award competition attracted over 50 eligible entries. According to Mr. Yu, the judging process is transparent with several layers of vetting before eligible projects are evaluated and presented to independent judges for final decision. He adds that the judging criteria have been tightened.

"This year, there are seven category winners though there were entries for 11 categories including the property CEO of the year. The committee has a requirement that only projects which score over 75 marks can be cited as winners. [The highest possible score is 100.] If none score above the mark, no winner will be declared for that category."

A long process

It takes up to eight months to complete the whole process from calling for nomination, selection of eligible projects, evaluation and judges' meeting before the award presentation gala night that's customarily attended by the Malaysian king or sultan, and broadcast on national television.

GETTY IMAGES/Daniel Cheong

The Malaysia Property Award is the country's most prestigious award for property development.

"It took FIABCI Malaysia 16 years of organizing this annual award to achieve the current esteemed status. Developers want to win the award, which is an endorsement of the quality and excellence of their projects. It has tremendous marketing value for the winners," says Mr. Yu.

The judges for MPA 2009 include: Ng Poh Tip, former group chief editor of the English-language daily, The Star, and now its editorial/education adviser; Julie Wong, president of the Malaysian Institute of Estate Agents; Ng Seing Liong, president of the Malaysian Real Estate and Housing Developers Association; Dr. Ramon Navaratnam, former Malaysia Transport Ministry secretary-general; and Tan Sri Kamarul Ariffin, a prominent figure in Malaysia who has served in his country's civil service and the corporate sector.

An acknowledgement of the success of the Malaysia Property Awards has been the decision by International FIABCI to ask FIABCI Malaysia to compile a manual showing the way it organized its awards to help other national affiliates, says Mr. Yu. "We hope national affiliates will use the manual as a model of our Malaysian experience to carry out similar activities in their own home countries."

The advantages for developers are obvious, says Mr. Yu. Awards confer independent recognition of winners' achievements and they can use the coveted MPA award logo in their marketing and promotion. And MPA winners are eligible to enter their developments into the FIABCI International Prix d'Excellence Awards [the international version of MPA], says Yeow Thit Sang, FIABCI Malaysia treasurer and organizing chairman of MPA 2009.

Prix d'Excellence

There have been 19 Malaysian winners at the Prix d'Excellence, he says. At the Prix d'Excellence 2009, held during the FIABCI International World Congress in Beijing in May, Setia Eco Gardens in Johore and Pavilion Kuala Lumpur won in the master plan and retail development categories.

The MPA has come a long way since its debut 17 years ago. Developers covet the award as a mark of excellence and distinction and use the awards to reposition their product brands, says Michael Geh, International FIABCI's vice president for marketing and networking.

Far East Organization in Singapore, the largest private property developer in Singapore and winner this year of its fifth Prix d' Excellence Award, for example, has used the Prix d'Excellence Award logo in its brochures and on its advertisement in the arrival hall of Singapore's main airport, Changi.

park seven

Winner of the
FIABCI Malaysia
Property Awards 2009
for Residential Development
(High Rise)

Back To Basics

Park Seven puts quality back into the quality of life.

Column-free and beam-free homes give an unfettered sense of space. Floor to ceiling height windows infuse the home with natural light, ventilation and allow for spectacular 270-degree views of the city skyline. In line with the "Back to Basics" theme, materials have been carefully selected in its "raw" form – from fair-face concrete for the building's exterior to honed marble, unpolished granite and unstained wood for internal spaces. Designed with earthquake resistant features, Park Seven has recreational facilities which are set in a tranquil, breezy double volume deck.

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Company's transformation earns CEO the top prize

Demonstrating dynamic leadership, Shahril Ridza Ridzuan has focused on core business, corporate social responsibility and sustainable development

By **K.Y. Pung**

THE RECORD speaks for itself. Eight years ago, Malaysian Resources Corporation Berhad (MRCB) was an ailing debt-ridden group of companies on the verge of collapse. Today, it is one of Malaysia's largest and most successful property and construction groups, offering services across the value chain from interior design to property maintenance.

The company's transformation began in August 2001 when Shahril Ridza Ridzuan was hired as executive director. His mission: to turn the company around. Within two years, Mr. Shahril had restructured the company, and by demerging loss-making entities and refocusing on the group's core businesses — property and construction — rid it of its four billion-ringgit ($1.18 billion) debts.

In recognition of his dynamic leadership and entrepreneurial skill, Mr. Shahril — group managing director since 2003 — has been named Malaysia Property Award 2009 Property CEO of the Year. He is due to receive his award today from Sultan Sharafuddin Idris Shah, Sultan of Selangor, Malaysia, at an award ceremony at the Shangri-La hotel, Kuala Lumpur.

This has been a landmark year for MRCB. This year the company launched its biggest construction projects in Kuala Lumpur Sentral, an exclusive urban center; a total of 8.7 million square feet of commercial, residential and hotel property and a shopping mall, representing some seven billion ringgit in gross development value (GDV).

KL Sentral's "city-within-a-city" concept was designed by Japanese architect Dr. Kisho Kurokawa and has Stesen Sentral, Malaysia's largest transit hub, at its center. This 1.1 billion ringgit transport project won the FIABCI (the French acronym for International Real Estate Federation) — Malaysia Award of Distinction 2002 and was a finalist in the FIABCI International Prix d'Excellence 2003.

Transport and property

Stesen Sentral supports six rail networks — the KLIA Express Rail Link, KLIA Transit, RAPID KL, KTM Komuter, KTM Intercity and KL Monorail services — and 150,000 pedestrians pass through every day.

Mr. Shahril believes that the third Light Rail Transit line, a government-planned 42-kilometer monorail linking the Kota Damansara township to the north of Kuala Lumpur with the Cheras suburbs in the south, due for completion in 2012, will help KL Sentral become a classic example of synergy between public transport and property.

KL Sentral offers global physical and broadband connectivity, excellent investment opportunities, business convergence and an international lifestyle. Its overall development plan is currently just under one-third complete. This first phase comprises 6.6 million square feet of commercial and residential space valued at three billion ringgit.

The buildings that started construction this year will make up around another one-third of the overall development plan, and this second phase is expected to be completed within three years. The final third, due for completion in 2016, will include Malaysia's first St. Regis hotel, as well as additional office space. All development phases in KL Sentral are expected to be completed by 2016.

KL Sentral is now home to the regional headquarters of major international companies, such as Cisco, Nokia Siemens, GE, PricewaterhouseCoopers and Regus. This year, Shell also committed to locate in KL Sentral.

With the success of KL Sentral and the launch last year of Penang Sentral transportation hub — a two billion ringgit smaller version of KL Sentral in the northern state of Penang — MRCB is now Malaysia's largest developer of transportation hubs. It is also the largest developer of power-transmission systems in the country.

Under Mr. Shahril's leadership, MRCB has grown into a leading urban-property developer, engineering and construction company.

> After joining MRCB as executive director in 2001, Mr. Shahril crucially demerged the company's key media assets into a separate listed entity known as Media Prima, now the country's largest integrated media company.

After joining MRCB as executive director in 2001, Mr. Shahril crucially demerged the company's key media assets — TV3 and New Straits Times Press — into a separate listed entity known as Media Prima, now the country's largest integrated media company.

In 2003, Mr. Shahril was appointed group managing director.

A lawyer by profession, Mr. Shahril brought to the company 14 years' corporate experience in turn-key projects and transforming companies into profitable concerns. He holds degrees from both Cambridge and Oxford Universities in the U.K. and was called to both the Malaysian Bar and the Bar of England and Wales. During the Asian financial crisis in 1998 and 1999, he served as director of Pengurusan Danaharta Nasional Berhad, an agency set up to help shield the corporate sector from the worst of the crisis.

However, challenges remain. In 2008, the spiraling cost of building materials and the credit crunch put several of the company's development projects on hold. But by then the group was better prepared. Since restructuring in 2003, MRCB recorded more than 30% annual compound growth in each year to 2007, and was able to sign lucrative leases on office space in its iconic headquarters building, 1Sentral, with tenants such as PricewaterhouseCoopers and Regus.

MRCB

MRCB's flagship development, Kuala Lumpur Sentral, is now the preferred address for companies such as Cisco, Nokia Siemens, GE, PricewaterhouseCoopers and Regus.

Mr. Shahril sees MRCB's move into 1Sentral — a year before the global economic crisis unfurled — as "a defining moment" in his career. "For the staff, working in a new intelligent building gives them a lot of confidence and it was a big morale booster that also put paid to doubts raised by certain quarters that KL Sentral may not take off. Our team members knew at that point that we could make it and that our ambitions to build the best and most advanced office buildings in Malaysia were achievable," he says.

Retail space

Today, Mr. Shahril is spearheading the launch of Nu Sentral, the largest area of retail space in KL Sentral. This will be Malaysia's first green lifestyle retail mall, with a floor area of 1.05 million square feet and 760,000 square feet of rentable space.

Mr. Shahril is also promoting KL Sentral Park, Malaysia's first green office campus, with over one million square feet of space with a GDV of 720 million ringgit.

"This current phase of development — and the exciting future phases — will further cement KL Sentral's image as a contemporary city-within-a-city with world-class infrastructure and services," says Mr. Shahril.

Shahril Ridza Ridzuan

Mr. Shahril's vision of a world-class integrated urban development would be incomplete without the inclusion of cutting-edge technology. In February 2006, KL Sentral became the first private development to be awarded Multimedia Super Corridor (MSC) Cybercentre status by the government — which brings with it a string of financial and nonfinancial benefits including tax concessions and being allowed to provide telecommunications infrastructure to others. This has allowed KL Sentral to house ICT businesses and MSC-status companies, enhancing its image as a model business hub "without boundaries."

KL Sentral is home to the government-run MSC Malaysia Creative Innovation and Incubation Centers, which aim to develop creative talents in the country.

MRCB, under Mr. Shahril's stewardship, also aims to be a leader in corporate social responsibility. As CEO, Mr. Shahril is committed to transparency and in 2007 the company issued its first environmental and social report. In August 2008, MRCB was a finalist in the community category at the inaugural StarBiz-ICR Malaysia Corporate Responsibility Awards 2008. And in November 2008, MRCB won the platinum award for best corporate social responsibility reporting at Malaysia's National Annual Corporate Report Awards.

MRCB, along with 12 other Malaysian organizations, is a member of the United Nations Global Compact, the world's largest voluntary global corporate responsibility initiative.

Sustainable development

The company is also committed to sustainable development and, as of the beginning of this year, all its major new projects will comply with Malaysia's new Green Building Index. This commitment to sustainability has become a key performance indicator for the group's investment projects, and MRCB is now developing several projects that have adopted recognized sustainable building standards such as the Leadership in Energy and Environmental Design (LEED) certification from the U.S. Green Building Council and Singapore's BCA Green Mark scheme.

MRCB also has the biggest portfolio of environmental rehabilitation projects for rivers and coastlines in Malaysia.

The company's ambitions are not confined to its home country. MRCB is venturing beyond Malaysia's boundaries, exploring markets elsewhere in the region, such as Australia and Vietnam, as well as in the Middle East. It is proposing projects in the environmental arena as well as public transport and integrated urban development.

MRCB's moves into the regional and international markets testifies to its world-class standards and commitment toward industry best practices.

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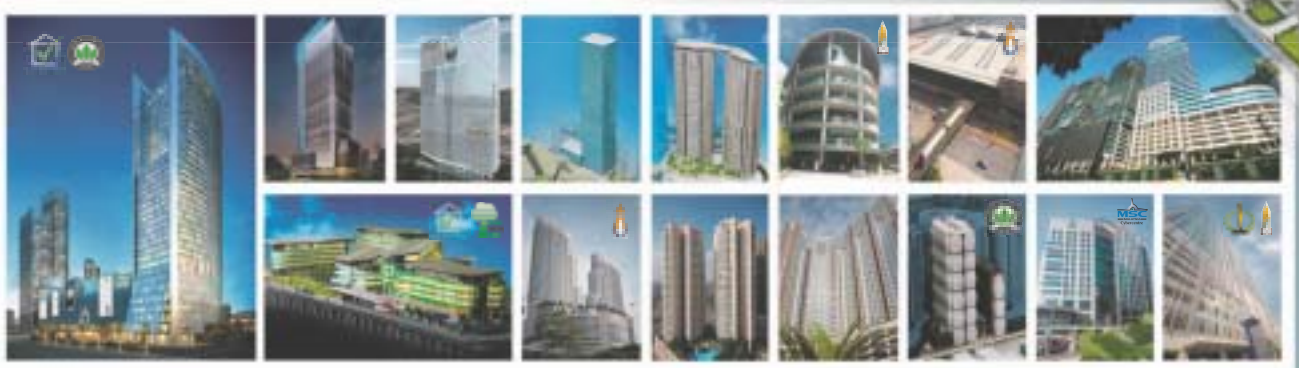

Kuala Lumpur Sentral today is an exclusive urban centre built around Malaysia's largest transit hub, offering global connectivity, excellent investment opportunities, business convenience and an international lifestyle.

At the nucleus of this premier development is the USD325 million world-class transit hub, Stesen Sentral, the winner of the FIABCI-Malaysia Award of Distinction 2002 and finalist for FIABCI-International Prix d'Excellence 2003. Its infrastructure supports six rail networks - the KLIA Express Rail Link, KLIA Transit, RAPID KL (Putra), KTM Komuter, KTM Intercity and KL Monorail Services, and is used by 150,000 commuters a day.

In 2008, 1Sentral office tower was the office category winner of the FIABCI-Malaysia Property Award and the 1st Runner-up in the FIABCI-International Prix d'Excellence 2009. This year, its lifestyle centre known as Sooka Sentral is the winner of the Purpose-Built Project Category. MRCB's Group Managing Director, Shahril Ridza Ridzuan has been named the Property CEO of the Year by the FIABCI-Malaysia Property Award 2009 organising committee.

Phased until 2015, Kuala Lumpur Sentral is a world-class city valued at a massive USD3.5 billion comprising Stesen Sentral, corporate office towers and business suites, 5-star international hotels, luxury condominiums, a shopping mall and serviced apartments, a life style centre and an office campus.

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SHAHRIL RIDZA RIDZUAN
PROPERTY CEO OF THE YEAR
Malaysia Property Award 2009

Winner of the FIABCI-Malaysia Award of Distinction 2002

Winner of the FIABCI-Malaysia Property Award 2008

1st Runner-up FIABCI International Prix d'Excellence Award 2009

Winner of the FIABCI-Malaysia Property Award 2009

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Special Advertising Section

Awards showcase best of country's prime developers

By **K.Y. Pung**

SDB Properties' Park Seven development has won the best high-rise residential development category at the Malaysia Property Award 2009 competition.

Park Seven consists of seven 20-story blocks, and is an exclusive luxurious supercondo in the heart of Kuala Lumpur, a stone's throw from the Petronas Twin Towers. It has 105 units including seven penthouses each with a private pool. All residents have access to shared pools, a Jacuzzi, gym, yoga and pilates studios, toddler's room, multipurpose function rooms, and gardens.

It was launched in March 2005, barely three months after a devastating earthquake triggered the tsunami that hit many countries in Asia. But rather than turning away from confronting buyers' concern over safety, SDB was proactive in reassuring them. This developer saw opportunity in crisis.

"We decided in the wake of the tsunami to look into reinforcing Park Seven with earthquake-resistant features that comply with the Indonesian Seismic Code [chosen because it is one of the most stringent]," says Teh Lip Kim, SDB managing director.

"This decision was made even after having sold 70% of the units during the launch and at no extra cost to purchasers. This was over and above the norm in the industry and it makes Park Seven the first earthquake-resistant residential building in Kuala Lumpur," she adds.

Incurring extra cost does not make normal business sense. "I have an emotional attachment to this land. It once belonged to my parents. When we decided to develop it, I had wanted to build something special and distinctive," Ms. Teh says.

The Park Seven project has chalked up several firsts, apart from being the first earthquake-resistant residential high rise. For example, it was the first to use fair-face concrete (concrete that is left exposed but impregnated with a water-repellant solution) for a "raw" more unfinished look, and flat slab in its construction technology so that every home is devoid of any beams or columns — providing a sense of spaciousness.

MPA 2009 evaluators cited Park Seven's merits as its strategic location, distinctive concept that shows care for the environment, low density with 270-degree panoramic view, earthquake-resistance and value for money.

Park Seven is commended by the evaluators for its green architectural features — its "back to basics" concept utilizing natural materials, as well as the quality of workmanship and material specifications up to industry standard, and good secondary market and rental yield for those owners renting their properties (around two-thirds of apartments are rented and one-third owner-occupied).

SDB has set up a customer services company to provide a wide range of services to the residents, such as home maintenance, repair and renovation needs. SDB also offers a 36-month defect liability period for all its properties, instead of the industry's standard of 24 months.

"I am delighted that Park Seven has received the FIABCI [the French acronym for International Real Estate Federation, headquartered in Paris] Malaysian Property Award. It is the highest accolade for the Malaysian property sector, and winning this award allows us to submit the development for the FIABCI International Prix d'Excellence and be recognized internationally as well," says Ms. Teh.

> "Winning this award allows us to submit the development for the FIABCI International Prix d'Excellence and be recognized internationally as well."

SDB has become a niche property developer after diversifying from its core tin-mining business five years ago.

Best low-rise residential

Adiva, Desa ParkCity, Kuala Lumpur, is an 11-acre guarded and gated neighborhood of 160 stratified terrace houses and apartments.

The project site had been a former quarry with rocky terrain and ravines, subterranean rocks and poor subsoils, which has been transformed into a housing estate.

MPA evaluators lauded the developer, Perdana ParkCity, for the bold and imaginative attempt to develop the project as the first-of-its-kind condominium-styled landed residential property.

It was praised for raising the bar in product development in the housing industry, attracting for the first time an expatriate community to the west side of Kuala Lumpur.

Lee Liam Chye, group CEO, says he believes in raising the connectivity bar: connecting spaces, connecting people and connecting lives to make everyday living special for Adiva's residents.

"The tangible result is a highly differentiated guarded and gated neighborhood with a deep sense of place where homes meld naturally with landscaped parks," Mr. Lee says.

"The intangible is residents — strangers at first, becoming great neighbors, good friends — a rare urban social evolution aided by the interactive communal gathering places and swimming pool placed at the heart of the neighborhood."

Mr. Lee says the MPA award will be a powerful authentication of the ground-breaking concepts and design philosophy that had shaped Adiva.

UEM LAND

SDB PROPERTIES

Winning projects: UEM Land's Puteri Harbour (top), and SDB Properties' Park Seven residential development (above).

Best retail development

The Curve in Petaling Jaya, a satellite city to the west of Kuala Lumpur, is a retail development on a 13-acre site in the commercial precincts of Mutiara Damansara township. The Curve is developed by Boustead Properties Berhad.

It comprises a three-story, sprawling retail and office development containing a pedestrianized shopping mall with themed courtyards and streetscape malls, al-fresco food and beverage outlets in a themed outdoor area, office suites on the top floor and a 11-story four-star hotel.

BOUSTEAD CURVE SDN. BHD.

PERDANA PARKCITY

Datuk Ghazali Mohd Ali, Boustead Curve Sdn. Bhd. director (top); Lee Liam Chye, Perdana ParkCity, group CEO (above); and Teh Lip Kim, SDB managing director (right).

Datuk Ghazali Mohd Ali, Boustead Curve Sdn. Bhd. director, says even though The Curve is the first retail development by the group — one of Malaysia's oldest conglomerates with holdings in plantations, heavy industry, finance and manufacturing as well as property — the cutting-edge designs adopted are on par with international standards.

"The award takes cognizance of the creativity and detailing that has gone into our development. Our winning this award will drive us to further improve and excel in providing the best to our tenants, shoppers, business partners and shareholders," he says.

MPA evaluators singled out The Curve for its success in transforming an underutilized oil palm plantation into an urban setting which is now a sought-after development.

SDB PROPERTIES

Best master plan

Puteri Harbour is located in Nusajaya, in the state of Johor, around 370 kilometers southwest of Kuala Lumpur and 30 minutes drive from Singapore. It is the largest fully integrated urban development project in Southeast Asia covering 24,000 acres and was developed by UEM Land.

Puteri Harbour is a 688-acre waterfront development that is easily accessible from the Straits of Johor on a stretch of 2.6 kilometers of coastline and via the Second Link Bridge from Johor to Singapore. It is adjacent to Kota Iskandar, the Johor State New Administrative Center.

It is a mixed development comprising commercial and residential, plus a marina for over 300 berths for yachts.

The master plan for Puteri Harbour, located on prime waterfront land, positions it as the water transport hub and iconic landmark in the larger Nusajaya development.

The Puteri Harbour Waterfront Precinct will be developed in phases and is estimated to be completed in 2021.

Approval by the state government has been obtained to build condominiums, a marina, offices, a hotel complex with a convention center, a retail center, a customs and immigration checkpoint and water transportation terminal

Best purpose-built

Sooka Sentral, Kuala Lumpur, is a purpose-built egg-shaped six-story lifestyle center in the heart of Kuala Lumpur Sentral with 180,000 square feet of retail space developed by MRCB Land.

There are 32 tenants offering services such as health, beauty and dining. Over 150,000 people who use the adjacent Stesen Sentral transportation hub are prospective customers.

MPA evaluators have lauded Sooka Sentral as an iconic building that softens the surrounding concrete jungle. It has also helped cut traffic in and out of the central district by providing office workers with local restaurants, reducing the tendency to drive out to eat.

Best office development

Menara Hap Seng, Kuala Lumpur, is a 30-year-old 22-story building that has been used as a hotel which is now transformed into a new contemporary building.

MPA evaluators noted that Menara Hap Seng has moved upmarket attracting higher rental and occupancy with a new corporate identity and business address that sets a benchmark for refurbishing work. The refurbished Menara Hap Seng is now a boutique office complex and provides food and beverage outlets to the workers and residents of neighboring buildings.

And by creating an innovative roof garden, it has lowered the interior temperature by two degrees Celsius, thus reducing the cooling load and increasing the landscaped area.

FROM PAGE ONE

On Asian tour, Obama confronts limits

Continued from first page
in tone toward more trade engagement will face its real test Thursday when Mr. Obama visits South Korea to discuss a free-trade agreement with that country that remains stuck over the thorny issue of trade in automobiles.

On the issue of Iran, Mr. Obama and Mr. Medvedev were left to warn leaders of the Islamic Republic once again that "time is running out." Iran has yet to agree to a Russian offer to enrich Iran's uranium for use in research in exchange for the closure of a nuclear reactor that Western powers say could be used to enrich uranium for nuclear weapons.

Half-way through his Asian tour, Mr. Obama is confronting the limits of engagement and personal charm.

International efforts to combat climate change took a significant blow when the leaders of the Asia-Pacific Economic Cooperation forum conceded a binding international treaty won't be reached when the United Nations convenes in Copenhagen in three weeks. Danish Prime Minister Lars Lokke Rasmussen flew to Singapore Saturday night to deliver a new, downsized proposal to lock world leaders into further talks.

"Even if we may not hammer out the last dots of a legally binding instrument, I do believe a political binding agreement with specific commitment to mitigation and finance provides a strong basis for immediate action in the years to come," Mr. Rasmussen told APEC leaders at a hastily convened meeting organized by Mexican President Felipe Calderón and Australian Prime Minister Kevin Rudd on Sunday morning.

The election of Mr. Obama, a believer in strict limits on greenhouse-gas emissions, had raised hopes among environmentalists that Copenhagen would produce a tough, binding treaty to follow the Kyoto Accords of 1997, which expire in 2012.

The landslide victory of Japanese Prime Minister Yukio Hatoyama's Democratic Party of Japan brought to power a new government pledging deeper emissions cuts than its predecessor. And Chinese President Hu Jintao proposed in September to adopt what he called "carbon-intensity targets," the amount of carbon released into the atmosphere per unit of economic output. Emissions from surging economies such as China's would continue to rise but at a slower rate.

Political opposition in the U.S. Congress over Mr. Obama's climate-change proposals, and continuing resistance among developing countries to binding emission-reduction targets slowed consensus ahead of the Copenhagen summit.

Mr. Rasmussen laid out in some detail his goals for the summit. He said leaders should produce a five- to eight-page text with "precise language" committing developed countries to reductions of emissions thought to be warming the planet, with provisions on adapting to warmer temperatures, financing adaptation and combating climate change in poor countries, and technological development. It would include pledges of immediate financing for early action.

"We are not aiming to let anyone off the hook," Mr. Rasmussen told the leaders. "We are trying to create a framework that will allow everybody to commit."

But the leaders didn't say when a final summit would be convened to ratify a real treaty.

"There are two choices that we face, given where things are. One was to have a political declaration to say, 'We tried. We didn't achieve an agreement and we'll keep on trying,' and the other was to see if we could reach accord as the Danish prime minister laid out," said Michael Froman, White House deputy national security adviser for international economics.

Mr. Obama, in a speech Sunday, took his appeal for a new world economic order to the leaders of Asia that must help make it happen. He said the U.S. would strive to consume less, save more and restructure its economy around trade and exports. But he appealed to Asian nations to make their own economies more dependent on domestic consumption than on U.S. profligacy.

White House officials say a similar message will be delivered in Shanghai and Beijing, but it is unclear how hard the U.S. president can press Beijing to allow the Chinese yuan to appreciate—which would make Chinese products less competitive on world markets.

At the APEC summit, leaders "until the last moment" tried to secure a commitment to stabilize foreign-exchange markets, according to a top adviser to an APEC head of state. But disagreements between the U.S. and Chinese delegations kept any commitment on currency out of the APEC final statement.

A more valuable yuan would empower Chinese consumers to buy, while making Chinese exports less attractive to U.S. consumers. But Washington can't afford to anger China, which it needs to float a U.S. budget deficit that reached $176.4 billion in October alone, a monthly record.

Indeed, the Asia trip is exposing the limits of Mr. Obama's policy of engagement. The U.S. president met with Asean, declaring that efforts to marginalize the government of Myanmar had failed. Human-rights groups had hoped a communiqué out of the meeting would call for the release of Ms. Suu Kyi, a Nobel Peace Prize winner under house arrest. Instead, it made a cryptic reference to a previous Asean foreign ministers' communiqué that called for her release. Sunday's statement did say that 2010 elections in Myanmar must be "free, fair, inclusive and transparent."

The failure to single out Ms. Suu Kyi was "another blow" to dissidents who want more pressure on the Myanmar junta, said Soe Aung, a spokesman for the Forum for Democracy in Burma, a Thailand-based organization. "We keep saying again and again that the U.S. should not send a mixed signal to the regime."

A White House official said the president never expected the leaders of Myanmar to accept any mention of Ms. Suu Kyi's release, but did press for a mention of political prisoners.

U.S. officials had taken pains to reduce expectations for the meeting, which was part of a new initiative by the Obama administration to improve its ties with Southeast Asia and to increase interaction with the Myanmar government. The U.S. imposes stiff sanctions on the country, also known as Burma. But many analysts view those sanctions as a failure, as Myanmar has expanded trade with China and other Asian nations, and U.S. officials now believe they might have more influence over the country's leaders if they talk with them more regularly.

Myanmar's military has controlled the country since 1962, and is accused of widespread human-rights violations, while overseeing an economy that remains one of the least-developed in Asia. The country's profile has risen over the past year, however, amid reports of growing ties with North Korea. The regime plans to hold elections next year, the first since 1990, in a bid to boost its international reputation.

But the U.S. and others contend the results can't be fair unless Ms. Suu Kyi and her supporters—who won the last vote—are allowed to participate.

—Costas Paris and Patrick Barta contributed to this article.

Agence France-Presse

Sunday at the Asean-U.S. meeting in Singapore, from left, Myanmar's Prime Minister Gen. Thein Sein, Philippines President Gloria Macapagal Arroyo, Singapore Prime Minister Lee Hsien Loong, U.S. President Barack Obama, and Thailand's Prime Minister Prime Minister Abhisit Vejjajiva.

Innolux overtakes AU Optronics with Chi Mei acquisition

Continued from first page
knobs for black-and-white TV sets but has steadily expanded into a broad range of electronics including personal computers, videogame consoles and cellular phones.

"We want to be Taiwan's No. 1 [flat-panel] player...and to be among the world's top three panel makers," Mr. Gou said Saturday.

The LCD-panel industry has been beset by overcapacity as producers have poured cash into ever-larger factories that can bring costs down. The upshot is that even amid soaring demand for LCD television and computer monitors, producers have struggled to remain profitable.

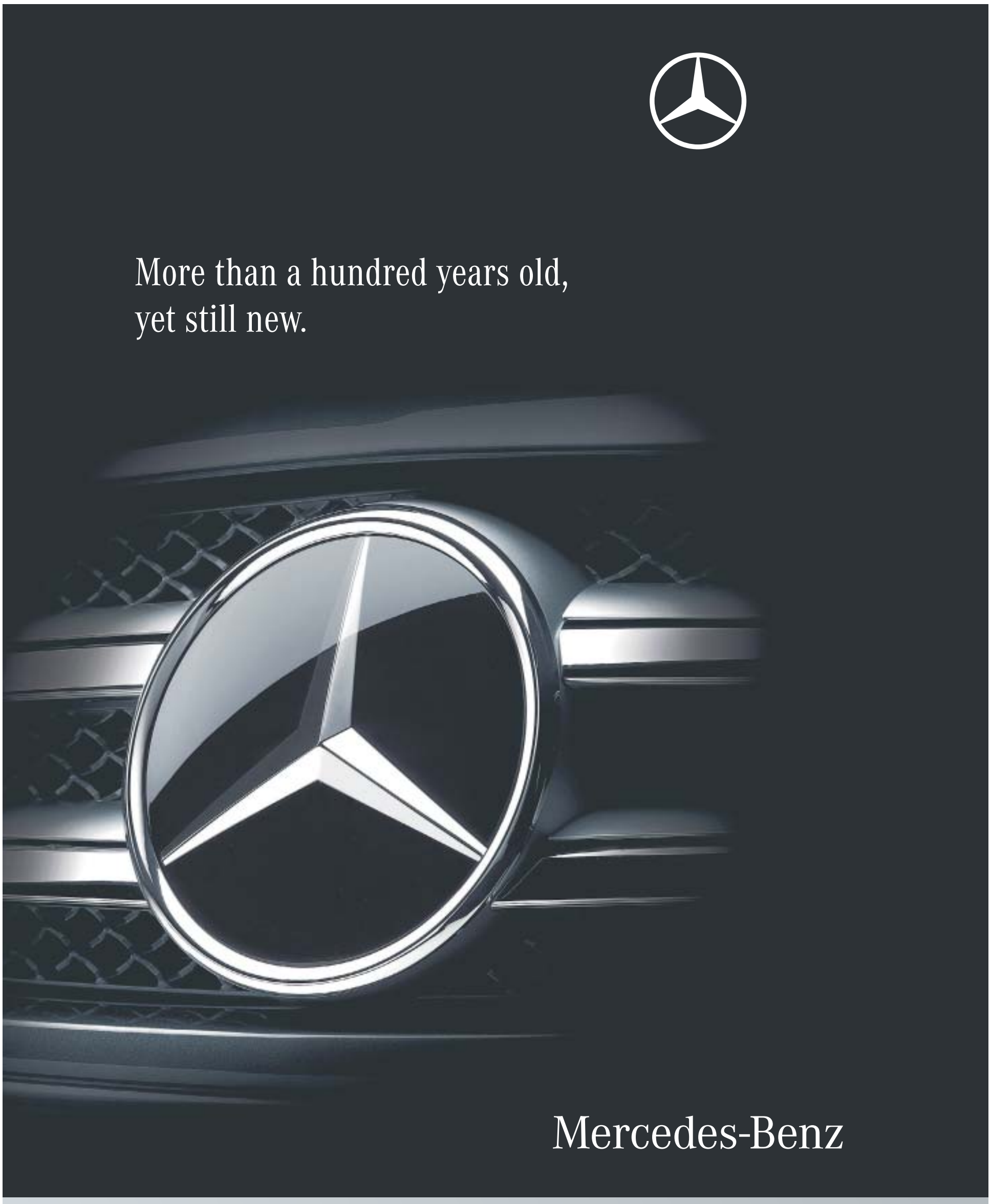
The new entity, to be named Chi Mei Innolux Corp., will overtake **AU Optronics** Corp. as Taiwan's biggest maker of LCD panels by capacity and rank it among the world's three biggest LCD producers, company officials said. **Samsung Electronics** Co. and **LG Display** Co., both of South Korea, now lead the industry.

"The combined entity will have the scale to compete toe-to-toe with the Koreans," said Matt Cleary, an analyst at Deutsche Securities. He said Innolux has a relatively high rate of capacity utilization at its factories, a key factor in profitability, which should help the combined company maintain a healthy overall utilization rate during downturns.

Mr. Cleary said consolidation should prove positive for the global flat-panel industry as fewer producers competing for clients will help support panel prices.

The Chi Mei tie-up follows Innolux's Oct. 5 announcement that it would buy TPO Displays Corp., a producer of flat panels used in gadgets like cellphones, in a share swap valued at US$620 million. Chi Mei specializes in larger panels used for TV sets and monitors.

"It's not going to be easy for Innolux to integrate two takeovers simultaneously, but the overall product portfolio gives it a competitive product mix," Mr. Cleary said.



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MANAGING

The interview: Managing in Asia

Sales work taught Hankook Tire quality speaks

Thirty-six years ago, South Korea's **Hankook Tire Manufacturing** Co., limited to selling in a domestic market with fewer than 200,000 registered vehicles, began seeking markets abroad.

Over the years it found them, in the Middle East, Latin America, Africa, the U.S. and Europe. Today the tire maker's products—original equipment for auto makers and replacement tires for retail customers—are sold in 180 world markets, with production facilities in Korea, China and Hungary. Its annual output capacity hit 78 million tires this year compared with 670,000 in 1973.

Suh Seung-hwa

Hankook, which has more than 50% of the Korean tire market, swung to a net profit of 182.95 billion won ($158.4 million) in the third quarter, helped by strong sales in emerging markets and lower production costs, from a net loss of 14.79 billion won a year earlier. Sales rose 14% to 762.09 billion won.

At the helm of the world's seventh-largest tire maker by sales is Suh Seung-hwa, 61 years old. He joined Hankook 36 years ago, taking on overseas sales and marketing roles for about three decades. His colleagues have given him the nickname "zero-to-hero," a tribute to the fact he's the first employee in Hankook Tire's 68-year history to rise through the ranks to become chief executive officer.

Mr. Suh has a bachelor's degree in political science and diplomacy from the Hankook University of Foreign Studies. Kyong-Ae Choi talked with Mr. Suh at his Seoul office. Here are excerpts from the interview, which was translated from Korean and edited.

WSJ: *What was your first job and the biggest lesson you learned from it?*
Mr. Suh: Before moving to the overseas sales department in 1974, I worked briefly as a buyer in the purchasing department. But sales and marketing have taken up most of my 36-year career at Hankook Tire, so even as chief executive I am basically still in my first job. When I was sent to Kuwait to explore for new customers in 1976, the biggest obstacle was that Hankook Tire was an unknown brand in the Middle East, Africa and the Gulf states.

We persuaded customers to use Hankook tires on a trial basis to see if the quality was good enough to sign a contract. As our "quality product and quality services" policy began to work, we came to have scores of customers who placed orders with Hankook from generation to generation. My biggest lesson at the time was that quality speaks.

WSJ: *What was your toughest managerial decision?*
Mr. Suh: It is always hard for a manager to make decisions that are correct as well as timely at critical junctures. In the face of the current economic downturn, I recently ordered the shutdown of domestic plants for a couple of days to keep inventory low, and to build up the stock of snow tires made at our Hungary plant to meet possible demand this winter. Managers shouldn't avoid making a timely decision, even if it seems risky at the time.

I follow basic rules in decision-making: to recall products if the quality does not meet standards; to scrap products if the quality is in doubt and to diversify markets to cope with rapidly changing market conditions. What I experienced tells me how essential it is for an export-oriented company to diversify its customer base.

For example, the recent U.S. move to impose additional tariffs on tires produced in China will have little impact on Hankook's plants in China because they have alternative markets.

WSJ: *What is the greatest challenge in your industry and how do you keep ahead of the competition?*
Mr. Suh: We expect demand for Hankook products to continue to increase, and will expand overseas production facilities to cut logistics costs and customs duties and allow faster delivery. In addition to a new investment of €230 million ($330 million) in the existing Hungary plant during the next two years, we are looking for sites to build our sixth and seventh plants in Southeast Asia and North America. Our domestic capacity will remain the same.

We will customize products to satisfy local customers' needs. For example, tires that stand up to the high speeds that Germans are accustomed to on their autobahn, and tires that guarantee comfort despite tough road conditions for South Koreans.

WSJ: *What are the most important attributes of a good manager, particularly in the tire industry?*
Mr. Suh: I would cite three things: the ability to make a quick and correct decision at difficult times, the ability to predict industry trends, and the ability to manage the work force effectively.

Particularly overseas, a manager shouldn't rely too heavily on data that show a certain market has major growth potential. He also needs to collect all possible hidden factors to determine what the market is all about. If labor disputes come up, managers have to gain access to the issue with principles, not with populism. Most of all, it is important to maintain communications in order to nip in the bud any misunderstandings or strikes. And while management should help colleagues learn from mistakes, any negligence or intentional wrongdoing by them should be dealt with seriously and without fail.

WSJ: *What do you wish every new employee knew?*
Mr. Suh: Passion is the No. 1 must-have quality for recruits. We cannot ignore their academic backgrounds and working skills, but those without passion will lose the long-term race to their more-passionate peers. Reading books and keeping healthy are also must-have qualities.

NOTICE TO READERS

This is the final Managing in Asia feature for this year.

The full interviews with Messrs. Suh and Flannery can be found at asia.WSJ.com.

Earning staff's respect was pivotal for GE Capital man

As the recently appointed president and chief executive officer of **General Electric** Co.'s newly restructured business in India, John Flannery will have the task of integrating the multinational company's operations in energy, infrastructure, health care and financial services, and its 12,000 employees, into "One GE" on the Indian subcontinent.

Mr. Flannery, 47 years old, is moving from his current position, based in Tokyo, as president and chief executive officer of the Asia Pacific operations of GE's financial-services arm, GE Capital. For the past four years in Tokyo he had the delicate balancing act of improving earnings at GE Capital while simultaneously shrinking it in order to reduce the overall group's exposure to credit risks following the global credit crunch. Under his direction, the unit pulled out of the consumer-finance business in Japan and the mortgage and car-loan business in Australia as of mid-2008 in a move to exit low-return businesses as GE Capital recalibrated its business portfolio.

In his 22 years with GE, Mr. Flannery's duties within the group have included being chief executive of GE Equity, the private-equity arm of GE Capital, managing director and business leader of the Bank Loan Group for GE's Corporate Financial Services business, and heading up GE Capital in Argentina and Chile.

He has a bachelor's degree in finance from Fairfield University, in Connecticut, and a master's in business administration from the Wharton School at the University of Pennsylvania.

Tor Ching Li sought out Mr. Flannery's views on management in an interview at his Tokyo office shortly before his new posting was announced. The interview has been edited.

WSJ: *What was your first job and the biggest lesson you learned from it?*
Mr. Flannery: My first job was a two-year credit-training program at a bank. I learned there that hard work and intellectual curiosity were potent career forces. I asked questions of anyone willing to listen; at times I'm sure I sounded like a 3-year-old with my frequent repetition of "why?" But I also worked very hard to absorb and apply these lessons and was rewarded for that.

WSJ: *What is the greatest challenge facing your industry today and how do you manage this?*
Mr. Flannery: The biggest change right now is the growing role of governments and regulators in our business. I think it is clear, given recent events, that changes in the regulatory schemes are warranted and we support that. We are devoting a lot more resources to this area and making sure that we are ahead of changes and working constructively with governments in a spirit of partnership.

John Flannery

WSJ: *How different is it managing in the West compared with Asia?*
Mr. Flannery: There are always going to be differences when you cross cultural borders, differences in the way you present a product to customers, differences in the way you motivate your team, etc. It is important to understand these differences, and ensure you provide an environment in which your people understand what the company is trying to do, and feel empowered to contribute.

To a large extent, a strong set of corporate values that is well understood by employees is key to bridging differences across cultures.

Having worked across the U.S., Latin America and Asia with GE, I find that our people, no matter where they come from, are unified by our distinct corporate culture. In Asia, where we serve customers in 10 countries, the cultural diversity of our people is incredible. This diversity offers immense opportunities for us to harness the power of having a global perspective with local insights. I think that any company that is able to harness this power will be well-positioned to win in any market.

WSJ: *What did you find most difficult about being a manager when you were first appointed as one?*
Mr. Flannery: I was 23 when I got my first managerial role, overseeing a team of about 12 people. My first issue was to confuse being popular with my team with being respected and results-oriented. When you want your team to be friends first it introduces some bad dynamics, including difficulty in giving negative feedback and being directive when things aren't going well.

I was one year out of university and I thought it would be great if my team went home at night and told their friends, "I have a really cool boss." Over time I've learned that being liked and respected are not mutually exclusive and I have a very casual style with my team, but earning their respect is my top priority.

NASA scientists find moon contains water

Confirmation raises chance of conducting further exploration

By Jonathan D. Rockoff

NASA scientists said Friday that the moon contains water—a lot of it—putting to rest one old question and raising several new ones.

Since the U.S. National Aeronautics and Space Administration's Apollo lunar missions in the late 1960s, scientists have assumed the moon was a dry and barren place. But there have been tantalizing signs suggesting otherwise, including large amounts of hydrogen at the moon's poles. That prompted various efforts over the years to determine once and for all whether there was water on the moon.

"Indeed, yes, we found water, and we didn't find just a little bit. We found a significant amount," said Anthony Colaprete, who oversaw the Lunar Crater Observation and Sensing Satellite mission. He said NASA found enough water to fill a dozen two-gallon buckets.

The confirmation is significant for two reasons. It means lunar scientists can move on to questions about the source of the water and its distribution on the moon, which could shed light on the history of the solar system. Possible sources of the water include comets, Earth, a solar wind or the moon itself.

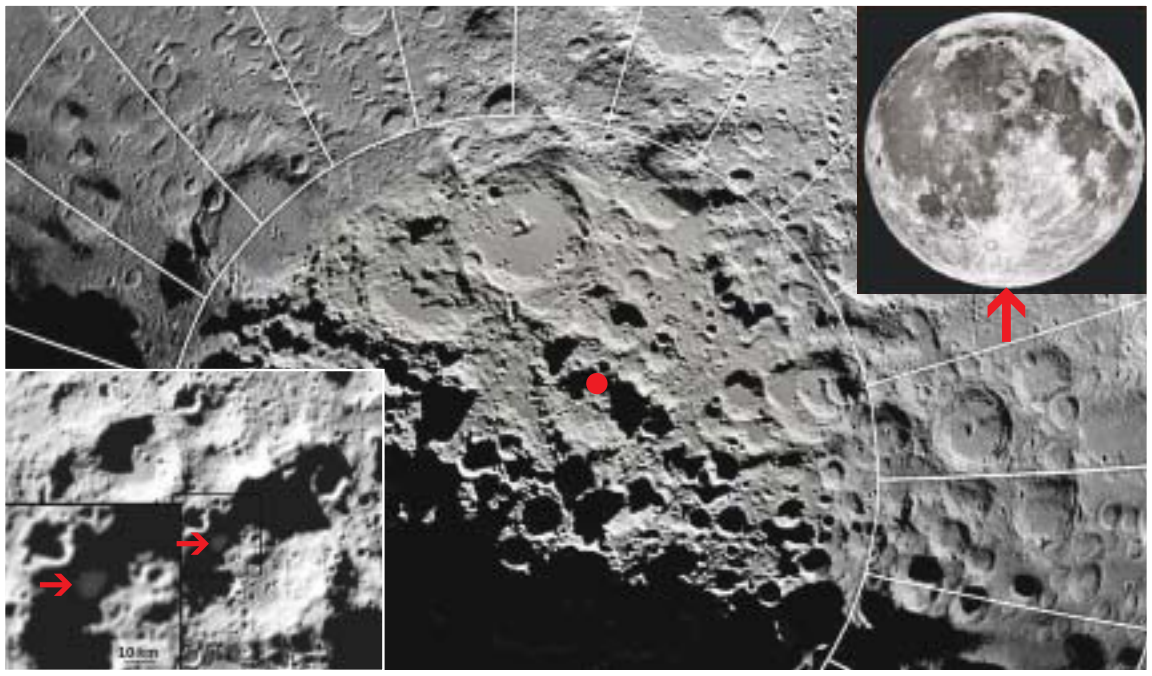
Water's availability would also make further human exploration of the moon possible, since the water could be used to generate oxygen, as well as to make rocket fuel.

"This is not your father's moon. Rather than a dead and unchanging world, it could in fact be a very dynamic and interesting one," said Gregory Delory, a space-sciences expert at the University of California, Berkeley.

The discovery could become a wild card in the debate over U.S. manned space exploration. By the end of the year, the Obama administration is expected to decide if manned missions to the moon should remain the government's highest space priority, or whether the U.S. should explore other parts of the solar system.

In the past few months, spacecraft studying the moon from a distance found strong indications of water's presence. NASA's findings stem from a mission on Oct. 9, when the space agency crashed a rocket into a shadowy, freezing crater near the moon's south pole.

The impact kicked up a plume that another NASA spacecraft, hovering above the crater with sensors, analyzed for four minutes until striking the moon itself. Since then, agency scientists have been poring over the data.



NASA

NASA said Friday the moon does have water. Inset are closer views of the region of the moon's south pole where the water is believed to be. Water could help further exploration as it could be used to generate oxygen and to make rocket fuel.

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MONEY&INVESTING

Ahead of the Tape: UBS chief Oswald Grübel will give the first peek at how he plans to revive the banking giant. **M15**

Heard on the Street: China's gravy train is down the line. **M16**

Firms around the world race into the bond market. **M11**

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Mitsubishi UFJ may sell shares

Offer could raise as much as $11.2 billion; a global push for tougher capital rules

By Atsuko Fukase
Tokyo

Mitsubishi **UFJ Financial Group** Inc. is considering raising capital of one trillion yen ($11.2 billion) by issuing common shares, a person familiar with the matter said Saturday.

If the offering goes forward, the capital boost would be one of the biggest share sales by a Japanese financial institution. MUFG, Japan's largest bank both by assets and market capital, may issue the shares by the end of this year, the person said. MUFG plans to announce earnings on Wednesday.

The possible move comes at a time when regulators globally push for tighter regulations on capital requirements in terms of both size and quality. In the past year, Japan's major banks and brokerage firms have raised more than $20 billion by issuing common shares to shore up their capital.

MUFG raised about $4 billion in December, while **Mizuho Financial Group** Inc., Japan's second-largest bank by assets, raised about $6 billion in July, and third-largest **Sumitomo Mitsui Financial Group** Inc. raised more than $9 billion in June.

Nomura Holdings Inc., Japan's largest broker, was the latest in a long line undertaking a capital raising this year, raising about $4.8 billion last month by issuing common shares, just months after raising $3 billion. Japan's No. 2 brokerage, **Daiwa Securities Group** Inc., also raised $2.2 billion by issuing common shares in August.

The scramble for capital also reflects the fact that Japan's banks have relatively lower core Tier 1 capital ratios, which measure a bank's financial strength, than do their Western peers, pressuring Japanese banks to improve their numbers. Not clearly defined, core Tier 1 capital usually refers to common stock and retained earnings, excluding preferred shares, preferred subscription securities and deferred tax assets.

MUFG had core Tier 1 capital ratios of 5.76% as of June, already above the minimum level of 4% proposed by some global regulators, but lower than **J.P. Morgan Chase**

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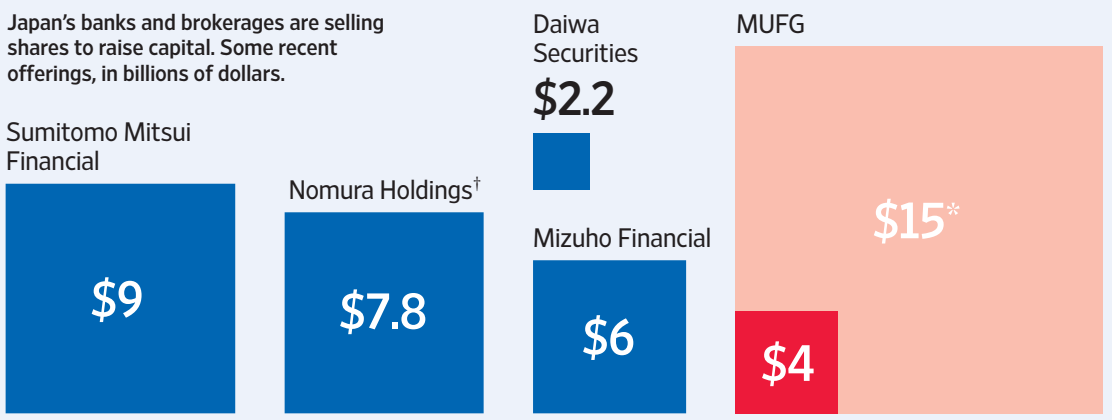
Cash need

Japan's banks and brokerages are selling shares to raise capital. Some recent offerings, in billions of dollars.



*Combines MUFG's $4 billion capital-raising in December with a possible $11 billion capital boost †From two separate capital-raising ventures in recent months
Source: WSJ reporting

U.S. earnings are strong, but not sales

By Tom Lauricella

A record number of U.S. companies beat earnings expectations in the third quarter, but a big portion of their profits came from cost-cutting, disappointing investors who were hoping for boosts in revenue.

With nearly all of the companies in the Standard & Poor's 500-stock index reporting their numbers, 80% did better than Wall Street analysts anticipated, according to Thomson Reuters. That's up from 73% last quarter, which tied the previous record.

ABREAST OF THE MARKET

Revenue is on track to fall 10%, but that is what analysts were expecting. The worry is that without a meaningful upturn in U.S. sales, cost-cutting can only boost profits for so long.

"It goes to the heart of the question about the recovery," said David Kostin, equity market strategist at Goldman Sachs. "Are we going to get some end-demand picking up that is more than just inventory rebuilding?"

The good news is that companies are running so lean that should revenue pick up in coming months, operating margins would likely surge, giving a powerful boost to profits. Companies with a strong presence in emerging markets are particularly poised to benefit, because faster economic growth there could drive higher sales.

The falling dollar also could help profits rise. A weaker dollar, which raises the value of profits earned outside the U.S., has yet to be felt on corporate bottom lines.

No one doubts that profits will look good next quarter, if only because last year's fourth quarter was so terrible. After nine straight quarters of earnings declines, analysts expect fourth-quarter earnings to more than triple.

Even without good news on revenue, the Dow Jones Industrial Average closed last week at 10270.47, just shy of a 13-month high, up from around 9725 in early October, when earnings season began.

Earnings news late last week from **Wal-Mart** encapsulated the good news-bad news tenor of the quarter. The company, which has benefited from bargain-hunting shoppers, topped profit expectations with record earnings.

However, Wal-Mart executives said increased productivity and inventory management drove earnings. Meanwhile, the firm said it was seeing "ongoing deflation across our businesses," especially in food and electronics.

Wal-Mart executives are wary. Sales are expected to be flat in the fourth quarter from a year ago, as "customers may be more cautious in their holiday spending."

With 93% of S&P 500 companies reporting, third-quarter operating profits are on pace to have fallen nearly 14% from the third quarter of 2008, just before the recession peaked. Analysts had expected profits to fall by 25%.

Some 370 of S&P 500 companies beat earnings estimates, the highest since Thomson Reuters began keeping track in 1994 and well above the 61% average in that time frame. Roughly five firms beat expectations for every one that disappointed.

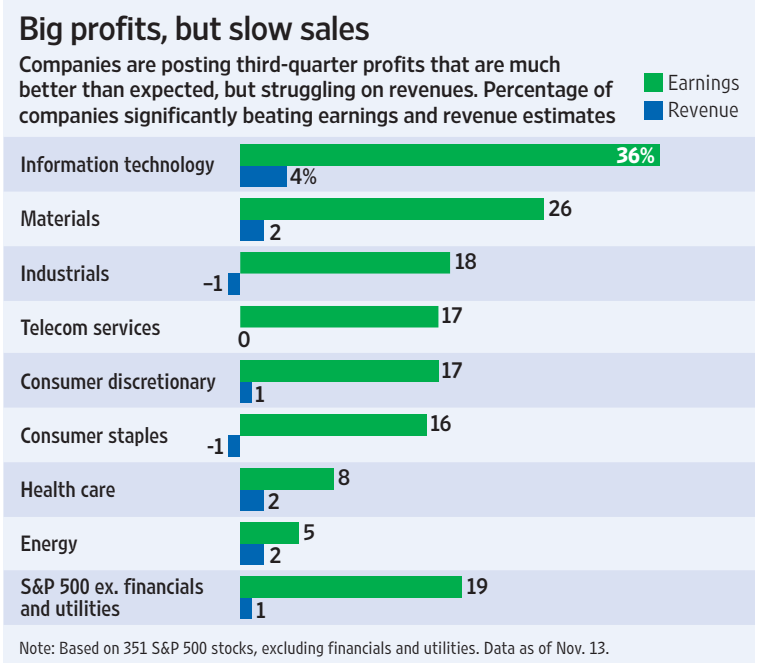
"We've seen company after company come in reporting better-than-expected earnings. And it wasn't just 'We beat by a penny or two pennies,' " said Dirk Van Dijk, chief equity strategist at Zacks Investment Research. "We've seen some companies beating their estimates by 40% or 50%," he said.

Revenue growth doesn't compare. According to Goldman Sachs,

Please turn to next page

Big profits, but slow sales

Companies are posting third-quarter profits that are much better than expected, but struggling on revenues. Percentage of companies significantly beating earnings and revenue estimates



Note: Based on 351 S&P 500 stocks, excluding financials and utilities. Data as of Nov. 13.
Source: Goldman Sachs

Bain buys Japanese call center

By Alison Tudor

TOKYO—Private-equity firm **Bain Capital** LLC will buy Japanese call center **Bellsystem24** Inc. from **Citigroup** Inc. in a roughly $1 billion transaction that demonstrates the firepower financial buyers can bring as they try to break up Japan's buyout logjam.

New York-based Citigroup said in a statement Sunday that it expects to raise 93.5 billion yen ($1.04 billion) for its 93.5% stake in Bellsystem24 when it tenders its shares to Bain.

Earlier this month Boston-based Bain won exclusive negotiation rights to buy Bellsystem24 despite stiff competition from other private-equity firms, including Permira Advisers LLP, CVC Capital Partners Ltd. and Blackstone Group LP.

The deal is the biggest private equity-related transaction this year in Japan, topping Goldman Sachs Group's $1.1 billion buyout of USJ Co., operator of a Universal Studios' theme park, in March.

"Things are picking up. We have a growing pipeline in Japan," said David Gross-Loh, a managing director at Bain Capital in Tokyo.

Buyouts are relatively rare in Japan. Executives often worry that the fund will lay off employees, which they see as socially unacceptable, or flip the company to another buyer at a higher price, embarrassing them in front of their peers. Bain opened shop in Japan in 2006, and it has sourced deals in the world's second-largest economy mainly from foreign sellers.

"In Japan, deal flow takes time," Mr. Gross-Loh said. "It is more of an evolutionary process. But the time we have invested has resulted in an interesting deal pipeline." Bain has been studying Bellsystem24 for more than a year.

Bain will raise 79 billion yen of loans from the banking units of **Sumitomo Mitsui Financial Group** Inc., **Mizuho Financial Group** Inc. and **Mitsubishi UFJ Financial Group** Inc. to help fund the transaction, a person familiar with the matter said.

This is one of the first times the three biggest banks in Japan together have helped to finance a buyout. It shows the willingness of Japan's big financial players to fund buyouts despite wider resistance against them in Japan.

Bain is buying Bellsystem24 from Citigroup's Japanese private-equity arm, Citigroup Capital Partners Japan. Buying from another investment firm carries less chance of political pitfalls, but it raises the question of what the new owner can do to increase the value of the company that the previous fund missed.

"We believe there is a significant

Please turn to next page

Japan's banks post better results

SMFG, Mizuho still must tackle bad loans and tougher capital requirements

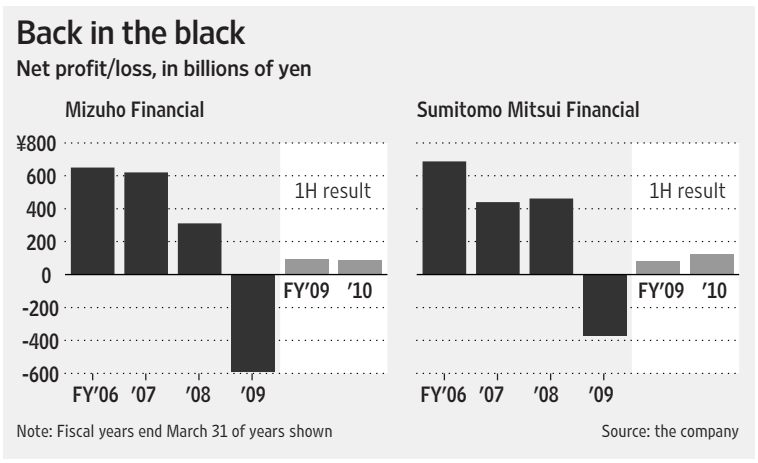
By Atsuko Fukase

TOKYO—Major Japanese banks saw a recovery in the first half of their fiscal year thanks to solid gains in trading, but they remain cautious about the global economy and business strategy.

Japan's third-largest bank by assets, **Sumitomo Mitsui Financial Group** Inc., reported a 48% rise in net profit to 123.54 billion yen ($1.37 billion) for the April-September period. The bank benefited from solid gains in bond trading and lower credit costs. But group operating revenue declined 14% to 1.567 trillion yen from 1.817 trillion yen.

Meanwhile, Japan's second-largest bank, **Mizuho Financial Group** Inc., reported a 7.1% drop on year in net profit as valuation losses for the April-June quarter from trading credit default swaps and other derivatives weighed on the six-month result.

Mizuho said its group net profit for the six-month period ended Sept. 30 fell to 87.81 billion yen from 94.58 billion yen a year earlier. But according to a calculation by Dow Jones Newswires based on its financial reports, Mizuho posted a group net profit of 93.3 billion yen in the July-September period, from a net loss of 38.42 billion yen in the same period a year ago.



The results underscore the progress Japanese banks have made since the worst of the global financial crisis. But bank executives say they still face problems such as bad loans, shrinking lending demand and a global trend toward tighter capital regulation for financial institutions.

"The worst [about the economy] may be over but the uncertainty remains," said SMFG President Teisuke Kitayama, adding that the bank expects to conservatively book credit costs of about 340 billion yen for the full year.

Another concern for banks' top management is a move by global financial regulators to push for stricter capital requirements after the credit crisis.

To strengthen their financial base, SMFG and Mizuho already have raised capital of about 860 billion yen and 520 billion yen, respectively, by issuing common shares earlier this year.

But since Japan's banks tend to have lower core Tier 1 capital ratios, which measure a bank's financial strength, than Western peers, analysts and industry observers expect those banks to raise more to improve their capital quality.

Core Tier 1 capital usually refers to common stock and retained earnings, excluding preferred shares, preferred subscription securities and deferred tax assets.

SMFG said core Tier 1 capital stands at 5%, which is above the minimum level of 4% proposed by some global regulators. Mizuho didn't disclose its core Tier 1 capital ratio, but said its capital excluding preferred shares and preferred securities but including deferred tax assets stands at 5.37%.

"We don't have a plan at present to raise capital via common shares," said Mizuho President Takashi Tsukamoto, adding the bank will see how the rule will be discussed among the global regulators.

Japan's fourth-largest bank, **Resona Holdings** Inc., posted a 0.9% drop in net profit to 85.59 billion yen, down from 86.39 billion yen, which was boosted by sales of its headquarters building in the previous year. The banking group's profitability in core operations improved as loan write-offs declined sharply.

Japan's midsize lender, **Aozora Bank** Ltd., led by U.S. private-equity fund **Cerberus Capital Management**, said it returned to profitability for the first half, posting a net profit of 6.46 billion yen against a year-earlier loss of 28.04 billion yen.

Japan's largest bank, Mitsubishi UFJ Financial Group Inc., plans to report its results on Wednesday.

MUFG may sell $11 billion in fresh shares

Continued from previous page

& Co. and **Deutsche Bank** AG, each with around 8%, and **Credit Suisse** AG and **HSBC Holdings** PLC, with even higher ratios, according to Credit Suisse estimates.

Japan's other megabanks, SMFG and Mizuho, which reported results Friday, have lower ratios than MUFG. SMFG said its core Tier 1 capital stands at 5%. Mizuho didn't disclose its core Tier 1 capital ratio.

Like Nomura, which took advantage of expanding overseas business amid the financial crisis by acquiring the former Lehman Brothers' European and Asian businesses, MUFG took a further step to broaden its global reach by buying about a 20% stake in **Morgan Stanley** for $9 billion last September.

Besides strengthening its capital base, the second capital raising may also help in MUFG's expansion. The previous capital boost helped make up for the stake purchase in Morgan Stanley and for dismal earnings, analysts and industry observers say.

Although Mizuho and SMFG issued common shares earlier this year, analysts say, the banks will need to raise more capital to build a buffer. Global regulation on such matters should be in place by the end of 2012., if regulators can agree.

On Friday, Mizuho President Takashi Tsukamoto said the bank doesn't currently have a plan to raise capital via common shares and will wait to see how international authorities handle proposed regulations. Meanwhile, SMFG President Teisuke Kitayama said the bank would consider the best way of raising capital if the proposed rules become more concrete, or if a capital boost becomes necessary to promote its own business strategy.

The soft spot in U.S. quarterly earnings: revenue

Continued from previous page

32% of the companies in the S&P 500, excluding financials and utilities, beat revenue estimates by a significant margin in the third quarter, below the long-term average of 40%. Goldman's Mr. Kostin called that overall performance "weak."

In addition, Mr. Kostin noted that the positive revenue surprises were heavily concentrated among health-care and technology companies, and more broadly among "intermediary" companies that make products, such as semiconductors, rather than companies that sell finished goods or services to consumers. "Inventory restocking was definitely a big theme," Mr. Kostin said. "Revenues from end-demand-facing companies were very weak."

That's a potential problem for the market now that the price-to-earnings ratio on stocks in the S&P 500 stands at roughly 14.4 times expected earnings for the next 12 months, putting it just shy of long-term averages. In March, when the market bottomed, it was below 11.

"The path for the market will be dictated largely by earnings...which are a function of revenues and margins," Mr. Kostin said, adding that additional margin improvement is likely to be tough given the difficulty of raising prices. "That's why the focus is on revenues and they've been disappointing."

But Thomas Doerflinger, stock-market strategist at UBS, said he saw good news in third-quarter revenue. He was encouraged by what he called a "healthy" 3.8% rise in revenue when measured against the second quarter. That compares with an average quarter-on-quarter increase for the period of 0.8% between 2000 and 2008. "People have been unduly negative about the profit picture," he said.

Mr. Doerflinger said the productivity gains chalked up this year will set the stage for a robust 29% rise in S&P 500 operating earnings next year. (Some of the big gain in 2010 will be the result of "easy" comparisons to the depressed levels in early 2009). The consensus forecast is for a 26% increase in 2010, according to Thomson.

Bain buys Japanese call center BellSystem24 from Citigroup unit

Continued from previous page

opportunity to grow the business as companies continue to look for ways to not only lower costs but also to benefit from greater efficiency and flexibility by outsourcing their call-center operations," said Yuji Sugimoto, another managing director at Bain Capital.

Valuations have come down markedly in Japan. Prior to the financial crisis, assets in auction typically went for 10 times annual earnings and sometimes higher. Market observers estimate this deal is valued at five to six times Bellsystem24's earnings before interest, taxes, depreciation and amortization. The company doesn't break out core earnings figures.

Citigroup received a $45 billion injection from the U.S. government, which became a 34% owner of the company's common stock. The bank has been raising cash through asset sales since then.

This year Citigroup has sold its Japanese brokerage unit, Nikko Cordial Securities Inc., and part of its investment-banking business to Sumitomo Mitsui Financial Group. It also sold its stake in Japan's third-largest fund manager by assets, Nikko Asset Management, to Sumitomo Trust & Banking Co. and its Japanese trust banking unit, NikkoCiti Trust & Banking, to Nomura Holdings Inc.

Bain was advised by UBS, Nikko Cordial Securities, Mizuho Securities, and Morgan Stanley. Citigroup Capital Partners Japan was advised by Citigroup Global Markets Japan and Goldman Sachs Japan.

ICBC and CCB compete to buy Taifook stake

By Jackie Cheung

HONG KONG—**Industrial & Commercial Bank of China** Ltd. and **China Construction Bank** Corp. are in separate talks to buy a stake in Hong Kong retail-focused brokerage **Taifook Securities Group** Ltd., a person familiar with the situation said.

The two major state lenders are vying to buy a stake in the brokerage from controlling shareholder **NWS Holdings** Ltd. They are aiming to tap some of the growing flow of funds from China into Hong Kong's thriving stock market and Chinese companies listed in the city, according to analysts.

NWS Holdings, the services and infrastructure arm of Hong Kong property developer **New World Development** Co., had said Wednesday that it was in talks to sell all or part of its stake in its 61.87%-owned unit Taifook Securities. It didn't specify then why it was seeking to sell its stake in the brokerage unit or name potential buyers. It declined to comment further on Friday.

The person familiar with the situation said NWS Holdings had made the first move and approached the two Chinese lenders on a possible stake sale.

The two lenders hope to buy part of the brokerage from controlling shareholder NWS Holdings.

Although mainland Chinese individuals aren't allowed to invest in Hong Kong stocks from within China, many travel to Hong Kong to open brokerage accounts, and ICBC's and CCB's interest lies in cornering some of this market, analysts said.

"It's more a long-term strategic plan to tap the growth of investment funds flowing to Hong Kong from the mainland," said Ben Kwong, chief operating officer at Taiwan broker KGI Asia.

Mr. Kwong said that with the help of a Hong Kong brokerage as a unit, a Chinese bank could give its massive client base access when Beijing finally allows people to invest directly.

At the end of October, around 50% of Hong Kong's stock market by market capitalization was made up of China-based companies. The benchmark Hang Seng Index has surged 76% since the start of March, while daily market volume has risen to more than 60 billion Hong Kong dollars (US$7.74 billion) from around HK$40 billion earlier in the year, reflecting the inflow of funds, according to analysts.

ICBC is keen on bidding for Taifook Securities so it can re-enter the brokerage market after selling its 75% stake in Industrial & Commercial East Asia Finance Holdings Ltd. to joint-venture partner Bank of East Asia Ltd., analysts said.

At the moment, both ICBC and CCB have some retail brokerage operations in Hong Kong through their locally incorporated units, but Taifook is a much bigger player locally.

A CCB spokesman and ICBC Chairman Jiang Jianqing declined to comment.

—Rose Yu in Shanghai contributed to this article.

Six companies push to launch IPOs in U.S.

By Lynn Cowan

In a last big burst before the Thanksgiving holiday, as many as six companies will try to go public in the U.S. this week.

If all manage to price, it will be the U.S.'s busiest week of the year for initial public offerings. The last time Americans saw more deals headed their way was in December 2007, when nine companies went public in the same week.

The IPOs are scattered across a variety of industries, ranging from a $520 million offering on the New York Stock Exchange from coal mining company **Cloud Peak Energy** Inc. to a $69 million deal from national security specialist **Global Defense Technology & Systems** Inc. Three technology companies are seeking to list on the Nasdaq; besides Global Defense, medical record management firm **HealthPort** Inc. and computer network security company **Fortinet** Inc. are queued up. There's also an offering from China, with budget hotel chain 7 **Days Group Holdings** Ltd. planning to list on the NYSE.

IPO FOCUS

Of the group, the deals that appear the most promising are from Fortinet and online education provider **Archipelago Learning** Inc., which aim to trade on the Nasdaq under the symbols FTNT and ARCL, respectively.

Archipelago differs from a lot of web-based education IPOs in recent years because it isn't an online college. Instead, its primary focus is the kindergarten-through-high-school crowd. It sells its Study Island curriculum, which ranges from reading to science, on an Internet subscription basis. About 21,000 schools in 50 states use its customized programs in class for students to learn, practice and take tests, and administrators can track performance at a time when public schools are increasingly focused on standardized achievement levels legislated by the No Child Left Behind Act.

The company prices its products so that they can fall within individual schools' discretionary spending. In the first nine months of this year, its revenue increased 46%, while net income rose to $6.9 million from $797,000 in the same period a year earlier. Even so, one issue Archipelago faces is the specter of increasingly tight school budgets in the coming years due to lower state tax revenue.

Fortinet's tech focus is on unified threat management, in which various computer security applications, such as firewalls and antivirus programs, are managed on one system instead of installing different brands piecemeal. According to IDC, Fortinet is the largest global provider of unified threat-management systems, with 15.4% of the world's market in the second quarter.

Although revenue and gross profits have been steadily rising, the Sunnyvale, Calif., company has a track record of generating losses; it was unprofitable from 2004 through 2007 before reporting net income in 2008. In the first nine months of this year, total revenue rose 19%, and it reported net income of $16 million, compared to a loss of $580,000 in the same period of 2008.

BofA hits a pay snag in CEO hunt

PNC officer spurns a job feeler; Feinberg is wild card in compensation dealings

By Dan Fitzpatrick

Bank of America Corp. directors are hitting a new hurdle as they hunt for the giant bank's next CEO: Obama administration pay czar Kenneth Feinberg.

William Demchak, senior vice chairman at **PNC Financial Services Group** Inc., spurned a feeler last week from a recruiter for the Charlotte, N.C., bank, according to a person familiar with the situation. Mr. Feinberg's required approval of the compensation package for whomever succeeds Kenneth D. Lewis was a major factor in the decision, this person said. Mr. Demchak also didn't see the bank's situation as fixable given the government's heavy influence over the company.

The bank would "get blasted" for buying out Mr. Demchak's shares in PNC, this person said. The 46-year-old executive helped turn around the Pittsburgh bank and is widely viewed as the likely successor to PNC Chief Executive James Rohr.

Kenneth Lewis

Such purchases are common in hirings of top company executives. According to a securities filing, Mr. Demchak earlier this year held PNC shares worth $34.3 million based on the bank's stock price Friday.

Mr. Feinberg's role as overseer of seven companies that received huge government aid gives him enormous influence in the succession process at Bank of America. Once directors make a decision and negotiate contract terms with their chosen CEO, the compensation package must be submitted to Mr. Feinberg for approval. Mr. Feinberg declined to comment.

Some directors at Bank of America worried even before Mr. Demchak's rejection that the limits imposed by Mr. Feinberg were snarling the succession process, said a person familiar with the board's deliberations. For example, cash salaries paid to the highest-earning executives at the seven companies getting exceptional federal aid were capped at $500,000 for 2009. Without the restrictions, the pool of available candidates to succeed Mr. Lewis would be larger, this person said.

A Bank of America spokesman declined to comment.

Directors hoped to make a decision by the end of October, but the target date has been pushed back to around Thanksgiving. The board's search committee continued working last week despite the absence of Bank of America Chairman Walter Massey, who was vacationing on a boat, said a person familiar with the situation.

A spokesman said Mr. Massey was reachable while traveling. He is due to return Tuesday, and more interviews with external candidates are planned for this week.

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Rusal nears a debt deal that is key to IPO

Restructuring should give it breathing space to repay $16 billion in debt; a 'pay if you can' clause

By Gregory L. White And Alexander Kolyandr

MOSCOW—**UC Rusal** is close to a deal to restructure $7.4 billion in debt to foreign banks, a key condition for an initial public offering of the Russian metal giant planned for December, people familiar with the situation said.

The debt deal, which bankers said is probably the largest and most complex of the restructurings undertaken by debt-swamped Russian companies, is likely to be announced as early as this week after approvals by creditor banks are completed, these people said.

"All the terms are agreed," said one person close to the talks.

The long-delayed deal is aimed at allowing Rusal breathing space to repay $16 billion in debt built up when metal prices were at record highs before the financial crisis hit last year.

The IPO, which is still in the planning phases and could be delayed if market conditions aren't favorable, is aimed at raising cash to help repay creditors. Hong Kong regulators are expected to approve the company's listing at a regular meeting on Thursday; Rusal also has applied for a secondary listing in Paris.

Asian investors are Rusal's main target, and the company and its bankers have been talking to major state-owned companies in China, as well as government-owned funds across the region, about taking major stakes, according to people familiar with the situation. Rusal plans to offer a 10% stake in the IPO, raising as much as $2.5 billion.

Oleg Deripaska

A Rusal spokesman declined to comment.

The debt deal, initially agreed to in July, extends over seven years, during the first four of which principal will be paid on a "pay if you can" basis. Interest rates will vary depending on how much debt the company is able to pay down. The plan targets a total of $5 billion in repayments by the end of 2013 and prohibits dividend payments until debt levels are reduced, according to previous Rusal statements.

Only one major creditor, tycoon Mikhail Prokhorov, will convert a substantial part of the $2.8 billion Rusal owes him into equity, ending up with a stake of as much as 19% in the company as a result of the deal, up from 14%. Western banks could get warrants for a small stake, people close to the deal said, while the Russian state bank that made a $4.5 billion bailout loan a year ago has agreed to extend that until late 2010. Mr. Prokhorov wasn't available for comment.

In the IPO, founder and Chief Executive Oleg Deripaska will see his 56.8% stake reduced to just below 50%, but will remain Rusal's largest shareholder, according to people close to the company. Other shareholders are Soviet-born billionaires Viktor Vekselberg and Len Blavatnik, as well as trading company **Glencore International**. Messrs. Deripaska, Vekselberg and Blavatnik, as well as Glencore, weren't available for comment.

The IPO, targeted for December, could raise up to $2.5 billion. It is still in the planning phases and could be delayed if market conditions aren't favorable.

Preparations for the IPO have led Rusal, one of Russia's most secretive companies, to disclose the details of its finances to investors for the first time. In a presentation to analysts last month, Mr. Deripaska and his colleagues laid out details of the company's profitability, according to people familiar with the meeting.

Materials from that session, viewed by The Wall Street Journal, show that Rusal said that before the crisis hit it enjoyed fatter profit margins than its main global competitors.

Rusal had $1.4 billion in net profit on $8.4 billion in revenue in the first half of 2008. In the first half of 2009, when prices and demand plunged, revenue dropped to $3.8 billion, with a net loss of $784 million.

The company sharply cut costs this year, reducing the cash cost of producing a ton of aluminum by about 25%, according to the presentation.

Mr. Deripaska's legal problems have added a level of intrigue to the offering.

In London, a former Deripaska associate is suing for what he says is a 13% stake in the company Mr. Deripaska owes him, a claim that Mr. Deripaska denies. U.S. officials, meanwhile, have refused to grant him an entry visa because of allegations of links to organized crime. He rejects those.

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Tel: 66-2-653 9000 ◆ Fax: 66-2-653 9045
Amari Atrium Hotel
Tel: 66-2-718 2000 ◆ Fax: 66-2-718 2002
Boulevard Hotel
Tel: 66-2-255 2930/40 ◆ Fax: 66-2-255 2950
JW Marriott Bangkok
Tel: 66-2-656 7700 ◆ Fax: 66-2-656 7707
Sofitel Centara Grand Bangkok
Tel: 66-2-541 1234 ◆ Fax: 66-2-541 1460

CHIANG MAI
Amari Rincome Hotel
Tel: 66-5322 1130 ◆ Fax: 66-5322 1915

PATTAYA
Amari Orchid Resort
Tel: 66-38-428 161 ◆ Fax: 66-38-428 165

PHUKET
Sheraton Grande Laguna Phuket
Tel: 66-76-324 101 ◆ Fax: 66-76-324 108

❖ VIETNAM

HO CHI MINH CITY
Sofitel Plaza Saigon
Tel: 848-8241 555 ◆ Fax: 848-8236 588

For more information about this program, please email to May Chow at may.chow@dowjones.com or visit www.wsj-asia.com to subscribe.

ASIAN MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 9770.31
▼ **0.35% or 34.18**

Friday's loss pushed the index to a loss of 0.2% for the week, its third consecutive weekly decline. Commodity-related stocks fell on lower oil and metals prices.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**84.73**	179	3	1.70
Mtshbsh Fin Grp	**77.42**	508	–4	–0.78
Sanyo Elec	**31.34**	171	5	3.01
JapanAirlines	**30.45**	106	–1	–0.93
Nippon Yusen	**29.99**	303	–11	–3.50

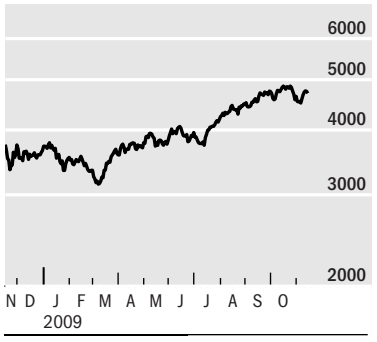
Sensex
India 16848.83
▲ **0.92% or 152.80**

The index jumped 4.3% for the week, its best weekly showing since late August. Friday's gain was its sixth in eight sessions. Technology and bank stocks led the market.

Stock	Volume in millions	Close	Change Net	Change %
Jaiprak Asso-A	**4.32**	231.95	–4.70	–1.99
Dlf-A	**3.92**	368.55	–2.30	–0.62
Tata Steel-A	**2.07**	521.25	9.40	1.84
Reliance Com-A	**1.70**	173.80	–0.75	–0.43
Bharti Airtel-A	**1.18**	301.40	1.65	0.55

ASX 200
Australia 4706.40
▼ **0.87% or 41.50**

Kathmandu rose 3.5% on its debut, while miners fell alongside lower metals prices. BHP Billiton fell 1.4%. For the week, the index gained 2.4%.



Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**68.19**	0.31	0.01	3.33
Elders Limited	**63.20**	0.17	–0.01	–5.56
St. Barbara	**40.02**	0.32	–0.02	–7.08
Nexus Energy	**37.35**	0.38	0.03	7.14
GPT Group	**33.08**	0.65	0.01	0.78

Hang Seng
Hong Kong 22553.63
▲ **0.70% or 156.06**

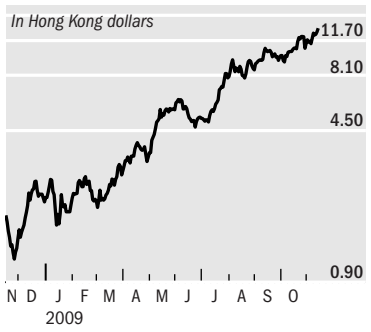
This benchmark rose for the fifth time in six sessions Friday, pushing the week's gain to 3.3%. It was the best weekly showing in five weeks.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**303.83**	4.83	0.15	3.21
CCB	**222.30**	7.13	0.10	1.42
Icbc	**217.68**	6.80	0.13	1.95
ChinaPetroChem	**107.88**	6.82	–0.03	–0.44
PetroChina	**96.52**	9.95	–0.13	–1.29

Asian stocks in the news

Nine Dragons Paper
Hong Kong HK$13.34
▲ **3.9% or HK$0.50**

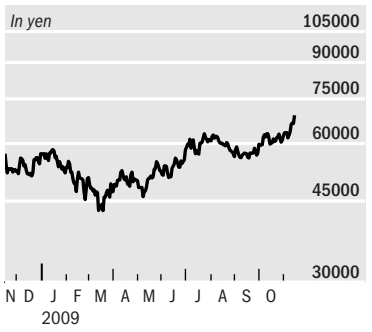
The stock continued to benefit from its pending inclusion in the MSCI Emerging Markets Index.



	Price-to-earnings ratio		**31**
	Earnings per share, past four quarters		**0.44**
	Dividend yield		**0.3**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.1%**	3.6%	79.9%
Nine Dragons Paper	**3.9%**	11.5%	629.0%

Rakuten
Japan ¥69,100
▲ **4.2% or ¥2,800**

Investors reacted positively to the company's quarterly results.



	Price-to-earnings ratio		**14**
	Earnings per share, past four quarters		**4965.00**
	Dividend yield		**0.1**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**1.0%**	1.4%	27.4%
Rakuten	**4.2%**	10.6%	21.2%

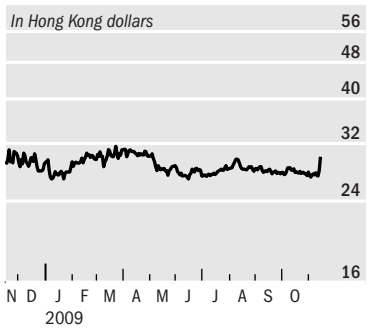
FamilyMart
Japan ¥2,700
▲ **6.9% or ¥175**

The convenience-store operator is buying smaller rival am/pm Japan Co.

	Price-to-earnings ratio		**18**
	Earnings per share, past four quarters		**153.60**
	Dividend yield		**2.6**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**1.0%**	1.4%	27.4%
FamilyMart	**6.9%**	4.9%	-35.1%

Cheung Kong Infr Hldgs
Hong Kong HK$29.95
▲ **7.0% or HK$1.95**

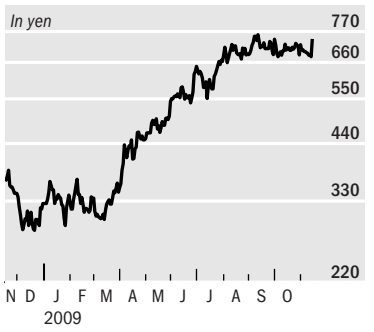
DBS called the stock a 'buy.'



	Price-to-earnings ratio		**11**
	Earnings per share, past four quarters		**2.65**
	Dividend yield		**3.9**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**0.2%**	1.6%	43.4%
Cheung Kong Infr Hldgs	**7.0%**	9.5%	2.6%

NHK Spring
Japan ¥742
▲ **9.3% or ¥63**

The company nearly tripled its full-year earnings forecast.



	Price-to-earnings ratio		**23**
	Earnings per share, past four quarters		**32.80**
	Dividend yield		**0.9**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**0.6%**	0.8%	46.1%
NHK Spring	**9.3%**	7.1%	103.3%

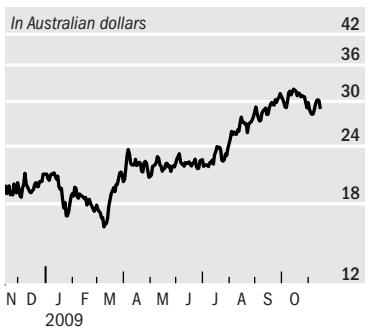
Kawasaki Kisen Kaisha
Japan ¥298
▼ **3.9% or ¥12**

Shippers fell amid economic worries, even as the Baltic Dry Index rose for the 11th session.

	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-123.70**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.3%**	0.5%	47.9%
Kawasaki Kisen Kaisha	**-3.9%**	-10.8%	-19.7%

National Australia Bk
Australia A$28.89
▼ **4.0% or A$1.19**

The shares went ex-dividend.



	Price-to-earnings ratio		**11**
	Earnings per share, past four quarters		**2.63**
	Dividend yield		**2.5**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**0.3%**	2.7%	47.7%
National Australia Bk	**-4.0%**	0.5%	46.0%

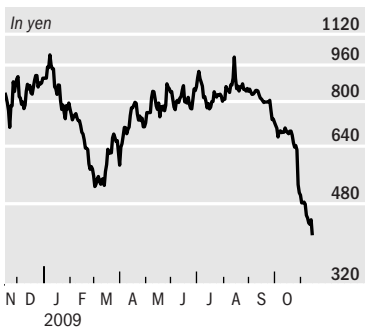
Obayashi
Japan ¥330
▼ **4.3% or ¥15**

The contractor cut its full-year earnings forecast by 25% amid weak construction demand.

	Price-to-earnings ratio		**32**
	Earnings per share, past four quarters		**10.40**
	Dividend yield		**2.4**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**0.2%**	1.6%	43.4%
Obayashi	**-4.3%**	-3.2%	-36.9%

Leopalace21
Japan ¥410
▼ **7.4% or ¥33**

This stock is being dropped from an MSCI index for Japan.



	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-119.70**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**0.8%**	0.2%	21.4%
Leopalace21	**-7.4%**	-9.5%	-51.0%

Nippon Sheet Glass
Japan ¥256
▼ **8.2% or ¥23**

The company modestly raised its outlook, but investors seemed skeptical.

	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-70.20**
	Dividend yield		**2.3**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**0.2%**	1.6%	43.4%
Nippon Sheet Glass	**-8.2%**	-5.5%	-14.1%

THE INTERNATIONAL INVESTOR

Dollar could see 'minor strength'

Euro may stay below $1.50 this week

By Fabio Alves

CURRENCY MARKETS

The U.S. dollar should enjoy continued support against the euro this week, as demand for risk takes a breather while investors reassess how fast the global economy will pick up steam.

After rallying to near its 2009 high in the early part of last week, bolstered by pledges from the Group of 20 industrialized and developing nations to keep stimulus programs in place, the euro retreated to below the key psychological level of $1.50. The rally prompted investors to take profits, seeking to lock in recent gains in higher-yielding currencies.

The euro should see further pressure this week and will remain below $1.50 if no positive economic data or event triggers demand for riskier assets, said Andrew Chevariat, technical foreign-exchange strategist at BNP Paribas in New York.

The euro should trade between $1.47 and $1.49, while the dollar moves between 89 yen and 90.85 yen, he said.

Late Friday, the euro was at $1.4921, up from $1.4842 late Thursday. The dollar was at 89.67 yen from 90.43 yen, while the euro was at 133.80 yen from 134.22 yen. The pound was at $1.6695 from $1.6583. The dollar was at 1.0118 Swiss francs from 1.0179 francs.

"The euro up move seems to have run its course," said Scott Ainsbury, a currency fund manager who helps oversee $12 billion at FX Concepts Inc. in New York. "We're seeing a bit of profit-taking on positions generally into the end of the year in the currencies, so the dollar may be in for a period of some minor strength, but nothing major."

The mood may shift in the beginning of this week as Federal Reserve Chairman Ben Bernanke speaks at the Economic Club of New York Monday, while Vce Chairman Donald Kohn speaks later at the Kellogg School of Management in Chicago.

"Given recent FOMC statements, I would imagine certainly Bernanke and Kohn will speak on the dovish side," said Derek Halpenny, European head of currency strategy at the Bank of Tokyo-Mitsubishi UFJ in London. "So I would have a dollar-negative bias in the early part of the week."

The Federal Open Market Committee left the key U.S. interest rates unchanged early this month and reiterated that those rates will remain at ultra-low levels for an extended period of time, which adds downward pressure to the low-yielding dollar.

China B shares surge on talk of yuan move

By Colin Ng

ASIA-PACIFIC STOCKS

HONG KONG—China's thinly traded foreign-currency shares surged Friday on speculation that the yuan could be allowed to rise against the U.S. dollar.

But other Asian share markets ended mixed as resource-linked stocks broadly retraced some recent gains after an overnight fall in oil and gold prices and a pullback on Wall Street.

The 9.4% surge in Shanghai's B-share index, to 251.19, also was aided by continued expectations of a merger between the A-share market, where shares are denominated in yuan, and its cheaper B-share counterpart.

The Shanghai Composite Index, which includes both A shares and B shares, rose 0.5% to 3187.65, its highest close since Aug. 11. It was the index's ninth gain in the past 11 sessions.

"As large-caps remain weak these days, some short-term investors began to pour their money into sectors such as renewable energy and retail, as the Chinese government is paying more attention to these areas now," said Wang Junqing, an analyst at Guosen Securities.

Friday, solar-energy company **Shenzhen Topraysolar** rose 1.7%, and **Baoding Tianwei Baobian Electric** firmed 1.9%.

In Hong Kong, the Hang Seng Index added 0.7% to 22553.63, its fifth gain in six sessions. The week's gain of 3.3% was its best weekly showing in a month.

Friday, the market was led higher by heavyweight **HSBC Holdings**, which climbed 1.8%, resuming the uptrend following its third-quarter update earlier in the week. **Bank of East Asia** fell 3.7% after Citigroup rated it a sell in the wake of a sharp rally in the previous two sessions.

Japan's Nikkei Stock Average of 225 companies lost 0.4% to 9770.31 in thin trading and reduced foreign-investor activity in the market. That pushed the index to a loss 0f 0.2% for the week.

Among commodities plays, trading house **Marubeni** dropped 2.1%.

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Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
4	**GAM Asia Equity Hedge JPY Open**	GAM Sterling Management Limited	JPY	British VI	**49.50**	65.31	2.42	NS
3	**Griffin Eastern European Value Fund**	Griffin Capital Management Ltd	EUR	Cayman Isl	**47.23**	60.85	-3.91	9.20
3	**Allard Investment Fund**	Allard Partners Management Ltd	AUD	Australia	**47.57**	57.43	0.47	11.87
4	**Allard Growth Fund**	Allard Partners Management Ltd	USD	Cayman Isl	**43.84**	49.82	1.48	10.58
3	**The Greater Asian Hedge Fund**	Pacific Group Ltd	USD	Cayman Isl	**32.04**	48.78	9.42	11.95
4	**OCCO Eastern European Fund**	Charlemagne Capital Ltd	USD	Cayman Isl	**45.21**	46.49	10.15	14.25
3	**Pharos Russia Fund Ltd**	Pharos Financial Advisors	USD	Cayman Isl	**46.42**	43.63	-3.61	16.50
5	**Finisterre Global Opportunity Master**	Finisterre USA	USD	Cayman Isl	**36.02**	41.29	13.69	NS
4	**BM Greater China Asia Fund**	Magnum Us Investments Lc	USD	Nethrlnds	**33.87**	40.42	-3.91	14.77
5	**SR Global : Emerging Portfolio USD G**	Sloane Robinson Investment Mngmt Ltd	USD	Cayman Isl	**41.20**	40.27	-3.85	18.61

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	11/13	EUR	54.61	21.6	10.2	-28.7
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	11/12	USD	10.20	24.2	31.6	-15.0
Am Eq Blend B	US	EQ	LUX	11/12	USD	9.59	23.1	30.3	-15.8
Am Growth A	US	EQ	LUX	11/12	USD	30.37	32.6	48.8	-5.4
Am Growth AX	US	EQ	LUX	11/12	USD	32.75	33.2	49.6	-4.9
Am Growth B	US	EQ	LUX	11/12	USD	25.57	31.5	47.3	-6.4
Am Growth C	US	EQ	LUX	11/12	USD	27.49	32.1	48.1	-5.8
Am Growth I	US	EQ	LUX	11/12	USD	33.62	33.5	50.0	-4.7
Am Income A	US	BD	LUX	11/12	USD	8.41	23.5	29.1	5.1
Am Income A2	US	BD	LUX	11/12	USD	18.85	23.9	29.2	5.1
Am Income A2	OT	OT	NA	11/12	HKD	146.09	NS	NS	NS
Am Income AT	OT	OT	NA	11/12	HKD	65.18	NS	NS	NS
Am Income AT	US	BD	LUX	11/12	USD	8.41	23.9	29.3	5.2
Am Income B	US	BD	LUX	11/12	USD	8.41	22.7	28.1	4.3
Am Income B2	US	BD	LUX	11/12	USD	16.27	23.2	28.3	4.4
Am Income B2	OT	OT	NA	11/12	HKD	126.09	NS	NS	NS
Am Income BT	OT	OT	NA	11/12	HKD	65.49	NS	NS	NS
Am Income BT	US	BD	LUX	11/12	USD	8.45	23.1	28.3	4.4
Am Income C	US	BD	LUX	11/12	USD	8.41	23.0	28.4	4.6
Am Income C2	US	BD	LUX	11/12	USD	24.18	23.4	28.6	4.7
Am Income I	US	BD	LUX	11/12	USD	8.41	24.2	29.9	5.8
Am Value A	US	EQ	LUX	11/12	USD	8.37	16.1	32.6	-14.2
Am Value B	US	EQ	LUX	11/12	USD	7.72	15.1	31.5	-15.1
Am Value C	US	EQ	LUX	11/12	USD	8.38	15.6	32.2	-14.6
Am Value I	US	EQ	LUX	11/12	USD	9.00	16.9	33.7	-13.5
Asian Technology A	OT	OT	LUX	11/12	USD	14.47	65.4	71.4	-5.8
Asian Technology B	OT	EQ	LUX	11/12	USD	12.67	63.9	69.6	-6.7
Asian Technology I	OT	EQ	LUX	11/12	USD	16.11	66.4	72.9	-5.1
Emg Mkts Debt A	GL	BD	LUX	11/12	USD	15.55	42.6	54.6	7.5
Emg Mkts Debt A2	GL	BD	LUX	11/12	USD	19.92	43.1	54.7	7.5
Emg Mkts Debt AT	GL	BD	LUX	11/12	USD	15.62	43.1	54.7	7.5
Emg Mkts Debt B	GL	BD	LUX	11/12	USD	15.55	41.5	53.1	6.4
Emg Mkts Debt B2	GL	BD	LUX	11/12	USD	19.21	41.9	53.1	6.5
Emg Mkts Debt BT	GL	BD	LUX	11/12	USD	15.60	41.8	53.0	6.4
Emg Mkts Debt C	GL	BD	LUX	11/12	USD	15.55	42.1	53.9	7.0
Emg Mkts Debt C2	GL	BD	LUX	11/12	USD	19.58	42.5	53.8	7.0
Emg Mkts Debt I	GL	BD	LUX	11/12	USD	15.55	43.2	55.3	8.0
Emg Mkts Growth A	GL	EQ	LUX	11/12	USD	32.96	64.5	74.7	-15.0
Emg Mkts Growth B	GL	EQ	LUX	11/12	USD	27.97	63.1	72.9	-15.8
Emg Mkts Growth C	GL	EQ	LUX	11/12	USD	28.59	63.8	73.9	-15.4
Emg Mkts Growth I	GL	EQ	LUX	11/12	USD	36.50	65.6	76.1	-14.3
Eur Growth A	OT	OT	LUX	11/12	USD	10.18	23.2	21.2	-19.2
Eur Growth A	OT	OT	LUX	11/12	EUR	6.86	23.2	21.2	-19.2
Eur Growth B	OT	OT	LUX	11/12	EUR	6.18	22.1	20.0	-20.0
Eur Growth B	OT	OT	LUX	11/12	USD	9.17	22.1	20.0	-20.0
Eur Growth C	EU	EQ	LUX	11/12	EUR	5.20	22.6	20.6	-19.6
Eur Growth I	OT	OT	LUX	11/12	USD	11.09	23.9	22.3	-18.6
Eur Growth I	OT	OT	LUX	11/12	EUR	7.47	23.9	22.3	-18.6
Eur Income A	OT	OT	LUX	11/12	EUR	6.61	38.3	30.5	2.8
Eur Income A	OT	OT	LUX	11/12	USD	9.81	38.3	30.5	2.8
Eur Income A2	OT	OT	LUX	11/12	EUR	12.78	38.8	30.4	2.9
Eur Income A2	OT	OT	LUX	11/12	USD	18.97	38.8	30.4	2.9
Eur Income AT	EU	BD	LUX	11/12	EUR	6.61	38.6	30.5	2.8
Eur Income B	OT	OT	LUX	11/12	EUR	6.61	37.6	29.6	2.1
Eur Income B	OT	OT	LUX	11/12	USD	9.81	37.6	29.6	2.1
Eur Income B2	OT	OT	LUX	11/12	EUR	11.90	37.9	29.5	2.1
Eur Income B2	OT	OT	LUX	11/12	USD	17.66	37.9	29.5	2.1
Eur Income BT	EU	BD	LUX	11/12	EUR	6.62	38.1	29.6	2.2
Eur Income C	OT	OT	LUX	11/12	EUR	6.61	37.9	29.9	2.3
Eur Income C	OT	OT	LUX	11/12	USD	9.81	37.9	29.9	2.3
Eur Income C2	OT	OT	LUX	11/12	EUR	12.75	38.3	30.0	2.4
Eur Income C2	OT	OT	LUX	11/12	USD	18.92	38.3	30.0	2.4
Eur Income I	OT	OT	LUX	11/12	EUR	6.61	38.9	31.2	3.4
Eur Income I	OT	OT	LUX	11/12	USD	9.81	38.9	31.2	3.4
Eur Strat Value A	OT	OT	LUX	11/12	EUR	8.33	19.7	19.0	-22.7
Eur Strat Value A	OT	OT	LUX	11/12	USD	12.36	19.7	19.0	-22.7
Eur Strat Value I	OT	OT	LUX	11/12	EUR	8.52	20.5	20.2	-22.0
Eur Strat Value I	OT	OT	LUX	11/12	USD	12.65	20.5	20.2	-22.0
Eur Value A	OT	OT	LUX	11/12	USD	13.28	22.9	23.3	-19.9
Eur Value A	OT	OT	LUX	11/12	EUR	8.95	22.9	23.3	-19.9
Eur Value B	OT	OT	LUX	11/12	EUR	8.24	21.7	21.9	-20.7
Eur Value B	OT	OT	LUX	11/12	USD	12.23	21.7	21.9	-20.7
Eur Value C	OT	OT	LUX	11/12	USD	12.85	22.3	22.7	-20.3
Eur Value C	OT	OT	LUX	11/12	EUR	8.66	22.3	22.7	-20.3
Eur Value I	OT	OT	LUX	11/12	USD	15.32	23.6	24.2	-19.3
Eur Value I	OT	OT	LUX	11/12	EUR	10.32	23.6	24.2	-19.3
Gl Balanced (Euro) A	OT	OT	LUX	11/11	USD	16.85	18.2	19.9	-11.9
Gl Balanced (Euro) B	OT	OT	LUX	11/12	USD	16.22	17.1	18.7	-12.8
Gl Balanced (Euro) C	OT	OT	LUX	11/12	USD	16.50	17.9	19.6	-12.2
Gl Balanced (Euro) I	OT	OT	LUX	11/12	USD	16.92	NS	NS	NS
Gl Balanced A	US	BA	LUX	11/12	USD	16.32	22.8	29.1	-10.8
Gl Balanced B	US	BA	LUX	11/12	USD	15.54	21.8	27.8	-11.7
Gl Balanced C	OT	OT	LUX	11/12	USD	16.08	22.5	28.6	-11.1
Gl Balanced C	OT	OT	LUX	11/12	EUR	10.83	22.5	28.6	-11.1
Gl Balanced I	US	BA	LUX	11/12	USD	16.91	23.5	30.0	-10.2
Gl Bond A	US	BD	LUX	11/12	USD	9.28	12.4	16.1	4.5
Gl Bond A2	US	BD	LUX	11/12	USD	15.99	12.5	16.1	4.5
Gl Bond A2	OT	OT	NA	11/12	HKD	123.92	12.5	16.1	4.5
Gl Bond AT	OT	OT	LUX	11/12	HKD	71.84	12.5	16.0	4.4
Gl Bond AT	US	BD	LUX	11/12	USD	9.27	12.5	16.0	4.4
Gl Bond B	US	BD	LUX	11/12	USD	9.28	11.5	15.0	3.4
Gl Bond B2	US	BD	LUX	11/12	USD	14.02	11.5	14.9	3.4
Gl Bond B2	OT	OT	NA	11/12	HKD	108.66	11.5	14.9	3.4
Gl Bond BT	OT	OT	LUX	11/12	HKD	72.15	11.6	14.9	3.4
Gl Bond BT	US	BD	LUX	11/12	USD	9.31	11.6	14.9	3.4
Gl Bond C	US	BD	LUX	11/12	USD	9.28	11.9	15.6	4.0
Gl Bond C2	US	BD	LUX	11/12	USD	13.88	12.0	15.6	4.0
Gl Bond I	US	BD	LUX	11/12	USD	9.28	12.9	16.8	5.1
Gl Conservative A	US	BA	LUX	11/12	USD	14.88	15.5	19.1	-4.1
Gl Conservative A2	US	BA	LUX	11/12	USD	16.84	15.5	19.1	-4.1
Gl Conservative B	US	BA	LUX	11/12	USD	14.85	14.5	17.9	-5.1
Gl Conservative B2	US	BA	LUX	11/12	USD	16.02	14.5	17.9	-5.1
Gl Conservative C	US	BA	LUX	11/12	USD	14.86	15.0	18.5	-4.5
Gl Conservative C2	US	BA	LUX	11/12	USD	16.48	15.1	18.6	-4.5
Gl Conservative I	US	BA	LUX	11/12	USD	14.95	16.3	20.2	-3.3
Gl Eq Blend A	GL	EQ	LUX	11/12	USD	11.48	28.4	37.0	-21.3
Gl Eq Blend B	GL	EQ	LUX	11/12	USD	10.79	27.4	35.6	-22.0
Gl Eq Blend C	GL	EQ	LUX	11/12	USD	11.29	28.0	36.4	-21.6
Gl Eq Blend I	GL	EQ	LUX	11/12	USD	12.10	29.4	38.1	-20.6
Gl Growth A	GL	EQ	LUX	11/12	USD	41.06	27.3	33.4	-21.9
Gl Growth B	GL	EQ	LUX	11/12	USD	34.32	26.2	32.1	-22.7
Gl Growth C	GL	EQ	LUX	11/12	USD	39.42	26.8	32.8	-22.3
Gl Growth I	GL	EQ	LUX	11/12	USD	45.54	28.2	34.5	-21.3
Gl High Yield A	US	BD	LUX	11/12	USD	4.25	55.5	53.0	2.6
Gl High Yield A2	US	BD	LUX	11/12	USD	8.98	55.9	52.5	2.5
Gl High Yield A2	OT	OT	NA	11/12	HKD	69.60	55.9	52.5	2.5
Gl High Yield AT	OT	OT	NA	11/12	HKD	32.63	56.1	52.5	2.5
Gl High Yield AT	US	BD	LUX	11/12	USD	4.21	56.1	52.5	2.5
Gl High Yield B	US	BD	LUX	11/12	USD	4.25	53.8	50.9	1.4
Gl High Yield B2	US	BD	LUX	11/12	USD	14.46	54.7	51.1	1.5
Gl High Yield B2	OT	OT	NA	11/12	HKD	112.07	54.7	51.1	1.5
Gl High Yield BT	OT	OT	NA	11/12	HKD	33.17	54.3	50.9	1.5
Gl High Yield BT	US	BD	LUX	11/12	USD	4.28	54.3	50.9	1.5
Gl High Yield C	US	BD	LUX	11/12	USD	4.25	54.8	52.1	2.1
Gl High Yield C2	US	BD	LUX	11/12	USD	13.33	55.5	52.0	2.1
Gl High Yield I	US	BD	LUX	11/12	USD	4.25	56.4	54.1	3.3
Gl Value A	GL	EQ	LUX	11/12	USD	11.02	29.8	40.6	-20.6
Gl Value B	GL	EQ	LUX	11/12	USD	10.13	28.6	39.1	-21.5
Gl Value C	GL	EQ	LUX	11/12	USD	10.71	29.2	40.0	-21.0
Gl Value I	GL	EQ	LUX	11/12	USD	11.70	30.6	41.6	-20.0
Greater China A	AS	EQ	LUX	11/12	USD	39.59	54.3	71.4	-17.0
Greater China B	AS	EQ	LUX	11/12	USD	35.08	53.0	69.6	-17.8
Greater China C	AS	EQ	LUX	11/12	USD	39.11	53.7	70.6	-17.4
India Growth A	OT	OT	LUX	11/12	USD	120.44	NS	NS	NS
India Growth AX	OT	OT	LUX	11/12	USD	105.24	82.2	80.0	-9.0
India Growth B	OT	OT	LUX	11/12	USD	126.34	NS	NS	NS
India Growth BX	OT	OT	LUX	11/12	USD	90.08	80.6	78.2	-9.9
India Growth I	EA	EQ	LUX	11/12	USD	108.98	82.8	80.7	-8.7
Int'l Health Care A	OT	EQ	LUX	11/12	USD	131.05	11.6	15.8	-10.1
Int'l Health Care B	OT	EQ	LUX	11/12	USD	110.69	10.6	14.7	-11.0
Int'l Health Care C	OT	EQ	LUX	11/12	USD	125.67	11.2	15.3	-10.5
Int'l Health Care I	OT	EQ	LUX	11/12	USD	143.03	12.4	16.7	-9.4
Int'l Technology A	OT	EQ	LUX	11/12	USD	103.52	41.5	49.7	-12.6
Int'l Technology B	OT	EQ	LUX	11/12	USD	89.82	40.3	48.2	-13.4
Int'l Technology C	OT	EQ	LUX	11/12	USD	100.10	41.0	49.0	-13.0
Int'l Technology I	OT	EQ	LUX	11/12	USD	115.95	42.5	50.9	-11.9
Japan Eq Blend A	JP	EQ	LUX	11/12	JPY	5645.00	5.2	10.5	-24.8
Japan Eq Blend B	JP	EQ	LUX	11/12	JPY	5454.00	4.3	9.4	-25.5
Japan Eq Blend C	JP	EQ	LUX	11/12	JPY	5558.00	4.8	10.0	-25.1
Japan Growth A	JP	EQ	LUX	11/12	JPY	5541.00	-0.4	3.0	-25.4
Japan Growth B	JP	EQ	LUX	11/12	JPY	5354.00	-1.2	1.9	-26.1
Japan Growth C	JP	EQ	LUX	11/12	JPY	5456.00	-0.8	2.5	-25.7
Japan Strat Value A	JP	EQ	LUX	11/12	JPY	5719.00	10.9	18.1	-24.5
Japan Strat Value B	JP	EQ	LUX	11/12	JPY	5532.00	10.0	17.0	-25.2
Japan Strat Value C	JP	EQ	LUX	11/12	JPY	5628.00	10.5	17.6	-24.8
Real Estate Sec. A	OT	EQ	LUX	11/12	USD	13.85	29.8	44.1	-18.1
Real Estate Sec. B	OT	EQ	LUX	11/12	USD	12.68	28.7	42.6	-18.9
Real Estate Sec. I	OT	EQ	LUX	11/12	USD	14.87	30.7	45.2	-17.4
Short Mat Dollar A	US	BD	LUX	11/12	USD	7.22	10.3	5.1	-7.1
Short Mat Dollar A2	US	BD	LUX	11/12	USD	9.68	10.5	5.1	-7.2
Short Mat Dollar AT	US	BD	LUX	11/12	USD	7.22	10.6	5.3	-7.1
Short Mat Dollar B	US	BD	LUX	11/12	USD	7.22	9.9	4.6	-7.6
Short Mat Dollar B2	US	BD	LUX	11/12	USD	9.64	10.0	4.7	-7.6
Short Mat Dollar BT	OT	OT	LUX	11/12	USD	7.23	9.4	4.1	-7.9
Short Mat Dollar C	US	BD	LUX	11/12	USD	7.22	9.9	4.6	-7.6
Short Mat Dollar C2	US	BD	LUX	11/12	USD	13.63	10.1	4.7	-7.6
Short Mat Dollar I	US	BD	LUX	11/12	USD	7.22	10.8	5.7	-6.6

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Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	09/30	USD	1588.41	64.0	59.5	NS
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www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	11/09	USD	116.20	16.2	20.2	9.1
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Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	08/31	USD	105.38	2.5	-9.3	-26.1
Platinm-Emancipation	OT	OT	USA	09/30	USD	96.83	29.4	0.4	-7.7
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
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Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
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Superfund Green Gold A (SPC)	OT	OT	CYM	11/10	USD	1030.45	-11.4	6.0	7.2
Superfund Green Gold B (SPC)	OT	OT	CYM	11/10	USD	1026.40	-23.8	-6.7	2.7
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Winton Evolution USD Cls F	OT	OT	CYM	10/30	USD	1189.62	-6.2	-1.5	3.1
Winton Futures EUR Cls C	OT	OT	VGB	10/30	EUR	192.39	-6.5	0.0	7.8
Winton Futures GBP Cls D	OT	OT	VGB	10/30	GBP	207.72	-6.4	0.6	8.9
Winton Futures JPY Cls E	OT	OT	VGB	10/30	JPY	13589.60	-7.9	-1.6	4.9
Winton Futures USD Cls B	OT	OT	VGB	10/30	USD	682.02	-7.0	-0.3	7.5
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Special Advertising Section

AEROSPACE

A Middle East building boom for the airports of the future

Liberalization, competition and a determination to develop hubs to rival those of Europe are driving air transport growth

KARIM SAHIB/AFP/Getty Images

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Aviation is booming in the Middle East. Between July 2008 and July 2009, Dubai handled 37.4 million passengers, making it the region's busiest airport.

It has been a universal truth among aviation economists that the fortunes of the industry closely mirror the gross domestic product cycles of the world's largest industrial nations. The less money people have, the less they fly.

But this rule doesn't seem to apply to the Middle East. While 2009 passenger numbers in most parts of the world are way down from 2008 levels, in the Middle East aviation is booming even though the region's economies aren't immune to the global recession and most will post lower growth rates this year.

Although air travel growth is particularly strong in Abu Dhabi, Muscat, Dubai, Kuwait and Sharjah, not all of this increased demand is being fueled by oil revenues. The fastest-growing capital-city airport in the world, according to Geneva-based trade association Airports Council International (ACI), is Beirut, which in the first seven months of 2009 saw 28.9% more passengers pass through its terminals, or 2.7 million travelers, than in the same period in 2008.

Good news

Middle East airlines and airports seem to be operating in an entirely different market from the rest of the world.

"The Middle East is an oasis of some good news for this industry," said Giovanni Bisignani, CEO of the Geneva-based International Air Transport Association, at last month's annual general meeting of the Arab Air Carriers Organization in Jeddah, Saudi Arabia. "This is the only region that is growing. Over the first eight months of the year, passenger demand expanded by 8%, outstripped by a capacity increase of 13%." Air transport growth in the region has been driven by the liberalization of air services between neighboring states — which has opened up competition among Arab airlines — and a determination by governments in the Gulf to develop a new generation of international airlines and hub airports to rival those in Europe.

For the moment, Middle Eastern airports occupy relatively low positions in the rankings of the world's busiest airports. Dubai airport has the most traffic in the region and it ranks 20th in the list of airports measured by passenger numbers handled annually, with 37.4 million passengers (measured between July 2008 and July 2009). This compares with over 90 million passengers for Atlanta in the U.S. But while passenger traffic at most of the world's major hubs is either static or falling, numbers at Dubai, measured over a year, are rising at nearly 9%.

"What you have in the Middle East are airlines with lower costs — especially lower labor costs — than those of European and Far Eastern rivals," says Peter Morris, chief economist of London-based aviation consultants Ascend.

"Middle East carriers have also been very successful at opening new routes from secondary European cities to destinations in the Far East — routes where the host nation's carriers won't, or can't, compete on price," he adds.

So travelers in Birmingham in the U.K. wanting to fly to Singapore can now connect at a competitive price via Dubai rather than London, Frankfurt or Paris. And the advantage of flying through any one of the new airports springing up throughout the Middle East is that most are purpose-built transfer hubs. That means a single-building airport where there is no need to frantically race between far-flung terminals to catch a connecting flight.

"What you have in the Middle East are airlines with lower costs — especially lower labor costs — than those of European and Far Eastern rivals."

Another benefit is that there are fewer environmental restrictions to airport growth in the Middle East than in Europe. Located in the desert or by the sea they can operate around the clock without noise restrictions.

"They have a clear environmental advantage in that the governments of the region are not imposing emission restrictions on airlines or forcing airlines to join emission trading schemes," says Andreas Schimm, director of economics at ACI. "For airlines who have a choice to bypass Europe, this will offer a clear competitive advantage on top of their already very modern and efficient fleets."

Doubling capacity

But with so much extra airport capacity becoming available in the Middle East — in broad terms, the projects under way will more than double the current airport passenger capacity available (measured in passengers handled a year) at Middle East airports between 2009 and 2015 — some question whether current high rates of growth are sustainable in the longer term.

"I think they are," says Rigas Doganis, visiting professor of air transport at Cranfield University, near Milton Keynes in the U.K. "Their location is perfect for hub traffic between South, Southeast Asia and Europe. They have also benefited from the failure of India's government in the past to build up Mumbai and Delhi as major hubs for traffic into and out of India. Dubai has taken on this role."

"During late spring and early summer of this year, traffic through the region was relatively high because there were quite a few people leaving the Gulf [due to the economic recession]," says ACI's Mr. Schimm. "But with traffic at Dubai increasing 19.5% year-on-year in September, that is a very significant figure and it shows the resilience of the business model."

KHALED DESOUKI/AFP/Getty Images

Saudi Arabia's Jeddah/King Abdul Aziz Airport is to receive a $11.3 billion upgrade.

Massive spending to get ready for soaring traffic

The largest airport development in the Middle East is the construction of the $8.2 billion Al Maktoum International Airport in Dubai, part of the gigantic $33 billion Dubai World Central project. The first phase is due to open next June, although this may be delayed as a result of the global economic downturn. It is being designed to eventually handle around 120 million passengers and 12 million tons of cargo a year. Elsewhere in the United Arab Emirates, a $6.8 billion expansion of Abu Dhabi International airport is under way — with a new terminal being built between the two runways. It should be completed by 2012. The $3.3 billion Ajman International Airport is due to open by 2011 and Ras al-Khaimah International Airport is being expanded and renovated to increase its capacity to handle up to 1.5 million passengers a year, from around 250,000 passengers. Expansion is set to be completed by the start of next year. In late 2008, Sharjah International Airport announced it was planning to build a $354 million terminal within two years.

In other Gulf states, a $11.3 billion upgrade of Jeddah/King Abdul Aziz Airport in Saudi Arabia is part of a nationwide plan to develop all 27 Saudi airports by 2020. The three major international airports of Riyadh, Jeddah and Dammam are to be converted into "airport cities," developed around special economic zones, while Madinah/Prince Mohammed bin Abdulaziz will have a $2.4 billion upgrade to handle 12 million passengers by 2019, up from 4.8 million today. The $5.5 billion New Doha International Airport in Qatar is due to become operational in 2010, but has been subject to cost increases and delays. A $500 million expansion of the existing Doha International Airport has been planned, to be completed by 2012. Bahrain International Airport is undergoing a $437 million terminal upgrade, to be completed in 2010. In August, Kuwait announced a $3.75 billion upgrade to Kuwait International Airport to increase passenger capacity to 20 million passengers a year, from 7.2 million last year, to be completed in 2014. Oman is building six airports — domestic ones at Haima, Shaleem and Adam and international facilities in Duqm, Ras al-Hadd and Sohar.

And Jordan is planning a $750 million redevelopment of Amman/Queen Alia International Airport to handle 21 million passengers a year, from its current capacity of 3.5 million. Phase one, increasing capacity to nine million passengers, is due to be finished in early 2012.

Region invests in a burgeoning industry

Middle East's competitive aerospace sector is aiming to achieve a global presence

AIRBUS SAS

Airlines from the Middle East will take delivery of over 600 new Airbus aircraft over the next few years.

The aerospace industry in the Middle East is expanding. Throughout the region, corporations and governments are developing new aerospace manufacturing, overhaul and financing capabilities. While most of these are aimed at supporting the growing numbers of civil and military aircraft on order by oil-rich Gulf states, others are starting to compete with long-established aerospace manufacturers in Europe and North America.

Aerospace is a key growth area for Middle Eastern governments looking to diversify their oil-dependent economies into new industrial areas, and local businesses looking for investment opportunities. Investments not only involve supporting the growing numbers of aircraft coming into service with regional airlines — airlines in the region will take delivery of over 600 new Airbus and 300 new Boeing airliners over the next few years — but also building indigenous aerospace capabilities and taking substantial stakes in aircraft manufacturing companies world-wide.

"The move into aviation industries in the Gulf was led by Dubai, but Abu Dhabi has deeper pockets and is now moving into manufacturing in a very serious way."

"The move into aviation industries in the Gulf was led by Dubai," says Peter Obeysekere, senior partner with the Airline Consulting Group, based in Pirton, U.K., "but Abu Dhabi has deeper pockets and is now moving into manufacturing in a very serious way."

Two of the most significant Middle East-based aerospace companies are Abu Dhabi's Mubadala Development Co. and Dubai's Dubai Aerospace Enterprise (DAE).

New plant

The Strata Manufacturing aircraft composites factory, based in Abu Dhabi and owned by Mubadala, will produce advanced structures for the international Airbus consortium (based in Toulouse, France) and the Franco-Italian ATR regional aircraft company (also based in Toulouse). The new company, which has over $2 billion of orders, is building its 21,600-square-meter plant in the Al Ain aerospace park, currently under development next to Abu Dhabi's Al Ain International airport.

"The Strata composites plant is currently on schedule with phase one set to open toward the end of 2010," says Homaid Al Shemmari, associate director, Mubadala Aerospace, Strata's Abu Dhabi-based parent company.

Research and development initiatives covering all subsectors are also being established to ensure Abu Dhabi is at the forefront of aerospace technology, he adds, "further developing the aerospace industry in the United Arab Emirates to become a recognized world-class hub for the next generation."

Over the past few years Mubadala has built substantial shareholdings in aerospace companies outside the Middle East. In early 2006, it bought a 35% share in Italian business aircraft manufacturer Piaggio. In September 2006, Mubadala, DAE and Dubai-based investment company Istithmar World acquired a majority stake in SR Technics, a maintenance, repair and overhaul (MRO) company based in Zurich. Mubadala now has a 70% stake in SR Technics. Mubadala has also created joint ventures with engine manufacturers Ohio-based General Electric and the U.K.'s

It's making more than just headlines.

The Airbus A380 has made its name as the world's largest, greenest passenger aircraft. But the big news is that the A380 is also making big profits for operators. Whether it's being used to reduce the number of flights and create real cost savings while keeping similar capacity. Or to offer more capacity with fewer take-off slots at a lower cost per seat than any other large aircraft. Either way, passengers simply love it, and operators love the commercial advantages it brings. The A380's benefits are in hard cash, not just headlines. **Airbus A380. See the bigger picture.**

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Rolls-Royce, and Wisconsin helicopter company Sikorsky Aerospace Services to provide MRO services to jet engines and military aircraft throughout the region. In November 2007, it announced a $500 million-plus five-year investment plan in its MRO Abu Dhabi Aircraft Technologies subsidiary.

Global expertise

Neighboring Dubai has also been developing a global aerospace expertise, via DAE, which has business interests in aircraft leasing, MRO, aerospace further education and information technology. A founding shareholder of DAE is Dubai International Capital (DIC), which in 2005 acquired the U.K. aerospace structures supplier, Doncasters Group, for $1.22 billion. In July 2008, DIC announced it had acquired a 3.12% stake in the German, Spanish and French conglomerate European Aeronautic Defense and Space Co. (EADS) for around $900 million.

Acquiring an independent military aerospace capability is also a critical factor for some Middle East states.

In March 2008, the foundation stone of a 300,000-square-meter site to build and maintain Royal Saudi Air Force Eurofighter Typhoons was laid at the King Abdul Aziz Air Base in the kingdom's Eastern Province. Under the Project Salaam ("Peace") program signed in September 2007 between the Saudi government and the U.K.'s BAE Systems — one of the three partners in the Eurofighter consortium alongside Italy's Alenia and EADS — Saudi Arabia will buy 72 Eurofighter Typhoons, 48 of which it will assemble in Saudi Arabia. This will involve substantial transfer of skills and capabilities from the U.K. to Saudi Arabia to provide MRO services to the aircraft. The move will bring new business to Saudi aerospace companies, such as Riyadh-based MRO organizations Alsalam Aircraft Co. and Advanced Electronics Co., and Jeddah's Aircraft Accessories and Components Co., which specializes in undercarriage overhauls.

BAE SYSTEMS

Saudi Arabia will buy 72 Eurofighter Typhoons, 48 of which it will assemble.

As the Middle East is one of the few areas of the world where the aerospace business is growing, aerospace manufacturers in the West are keen to build relationships with aircraft operators there.

"The Middle East market is a growing opportunity for the aerospace industry, as evident by the increasing popularity of the Dubai Air Show, which is widely recognized as an important trade show to attend," says Marion Blakey, president and CEO of the Washington-based U.S. Aerospace Industries Association. "U.S. suppliers of all sizes are always looking for new markets and partners across the globe, so the development of an emerging aerospace industry in the Middle East presents the U.S. supply chain with a golden opportunity to further establish its world-wide presence."

European aerospace companies, too, are looking to invest in the Middle East, close to an increasingly important customer base. A number of European aviation maintenance and support companies will be located in Abu Dhabi's Al Ain aerospace park. These include Mistral Engines, the Swiss general aviation engine manufacturer, an aerospace parts storage facility managed by the U.K.'s Beagle Aerospace, and an aerospace metals company, Generation Metals International, also of the U.K.

KARIM SAHIB/AFP/Getty Images

The increasing popularity of the Dubai Air Show reflects the growing importance of the Middle East's aerospace market.

Expanding in North Africa

And the Gulf is not the only region of the Middle East where Western aerospace companies are looking to invest. In an effort to become more competitive, European manufacturers are looking to expand into new low-wage areas. North Africa combines low labor costs, a skilled work force and a Francophone population close to major European manufacturing centers. Among several aerospace developments in the region, Toulouse-based Latécoère Group is expanding operations at its aircraft-wiring production plant near Tunis, while Snecma Morocco Engine Services, a joint venture between Paris-based Safran and Morocco's Royal Air Maroc airline to maintain civil aircraft engines, is also growing rapidly in Casablanca.

Special Advertising Section

Middle East's executive jet business shows its resilience

The first stage of the transformation of Al Bateen airport, 10 kilometers southwest of Abu Dhabi's main business district, from a former military air base into the Middle East's first exclusive business aviation airport, was completed at the end of June. Abu Dhabi Airports Co. is investing more than $54 million to create the kind of airport that few air travelers in the West will recognize — a facility with not only luxurious lounges, fast-track security and border controls but a complete lack of queues.

Throughout the Middle East, new business aviation facilities — such as a number of business-jet maintenance centers and the Sheikh Saad General Aviation Terminal's private terminal at Kuwait International Airport — are springing up to cater for an increasing number of passengers who prefer to travel by private jet.

Over the past few years, business aviation — measured in terms of aircraft sales and hours flown — has been growing more than 10% a year throughout the Middle East. But the region has not been immune to the effects of the global recession. Business-aircraft operations — the number of hours flown by each aircraft — are approximately 30% lower this year than last. "But we are starting to see more positive signs and since the start of October there has been an increase in demand, at least for charter travel," says Ali Al Naqbi, chairman of the Dubai-based Middle East Business Aviation Association.

BOEING

Customers in the Middle East account for around one-third of Boeing's business jet sales.

Early signs of recovery

"We are starting to see the first early signs of an upswing after what has been an unprecedented falloff in business aircraft flying in the region as a result of the global economic crisis," says Mike Berry, managing director of ExecuJet, a Zurich-based business-aircraft charter company, which manages a fleet of more than 20 aircraft from its Dubai base.

This year's downturn in demand will not, many in the aerospace industry believe, dent the long-term prospects for business aircraft sales in the region.

"The Middle East is a friendly climate for business aviation," says Richard Aboulafia, vice president analysis at aerospace market analysts Teal Group, based in Fairfax, Virginia. "The fundamental drivers [such as revenue from oil sales] are all positive and there is a general acceptance that the political and economic elite should be allowed to operate a private air-transport network."

In its October business-aircraft forecast, Honeywell, the New Jersey-based engine and systems manufacturer, said Asia, Africa and the Middle East still rank as the areas with the highest purchase expectations despite the effects of the global recession.

"Purchase expectations of 55% recorded in Africa/Middle East were up more than 10 points from 2008, setting a new record high," it stated. Despite the fact that the Middle East accounts for a very small percentage of the total global market, in terms of unit sales, the aircraft that are being bought by Middle Eastern customers tend to be larger and more expensive than elsewhere.

This means the market is particularly important for manufacturers of top-of-the range aircraft such as Airbus and Boeing. Middle East customers account for around one-third of all sales of Airbus and Boeing corporate jets — the bigger the aircraft the more important is the Middle East customer base. Airbus has orders for 53 wide-body VIP jets and in October announced the sale of two A340-500s to a Middle East head of state. There is even a private buyer for the world's largest airliner, the $300 million Airbus A380; an unnamed client based in Saudi Arabia.

"Just five years ago, the business aviation sector in the Middle East was a smaller industry with only a few major players. Now we are seeing more competition in the region with an increased number of aircraft being offered for charter."

The global business aviation recession has made it a buyer's market for new and used aircraft, with purchase prices of some used aircraft falling up to 30% since the market high early last year. This is good news for those with cash to invest and the past year has seen a rapid rise in Middle East business-aircraft owners moving into markets beyond the Gulf and Saudi Arabia, especially for premium traffic.

Linking destinations

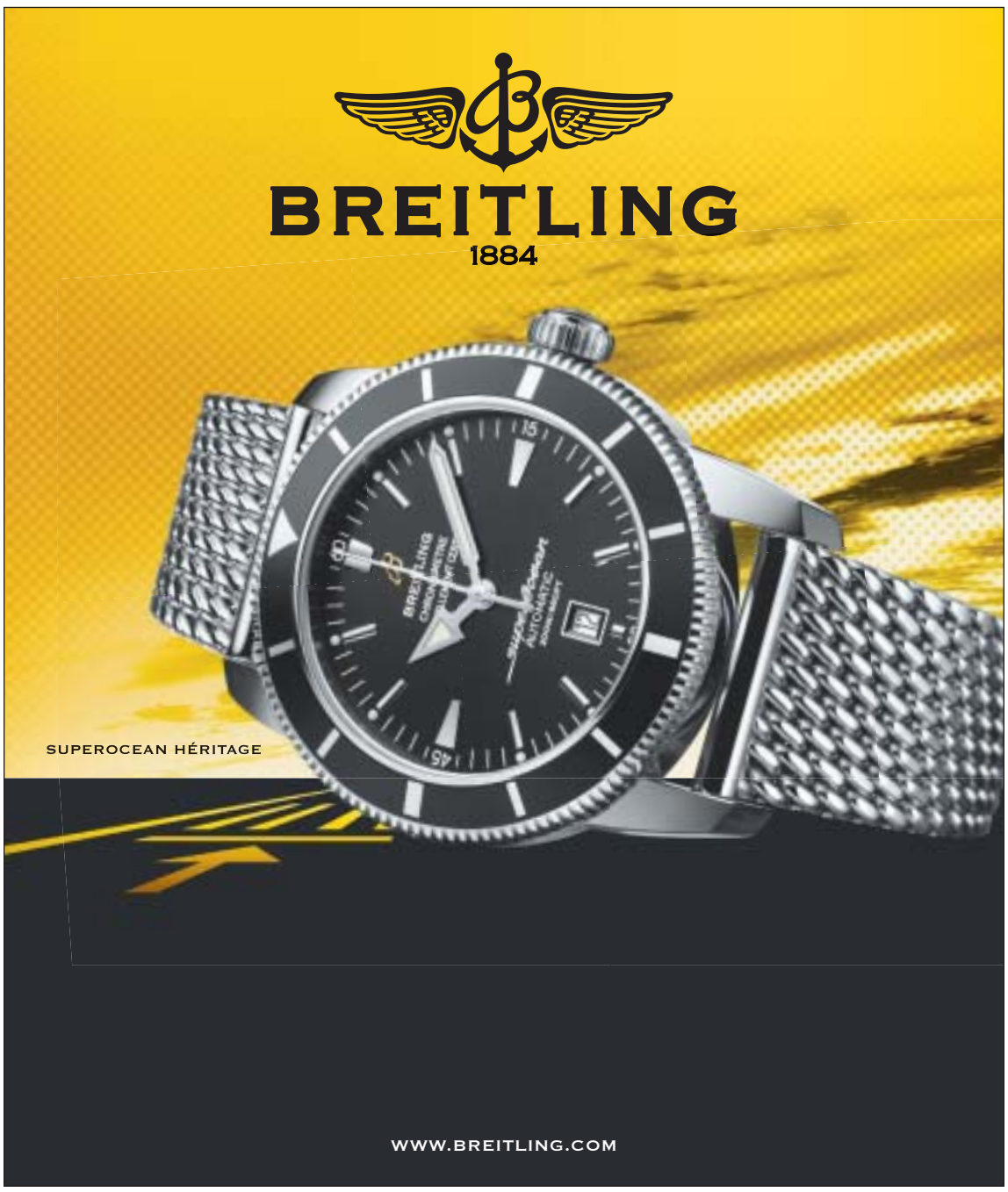
For example, at the Paris International Air Show in June, Qatar Airways announced the setting up of a corporate jet subsidiary, Qatar Executive, to link Gulf destinations with customers in Europe, Africa and Asia. Abu Dhabi-based Royal Jet has recorded a 15% increase, year-on-year, in charter bookings over the summer; the company plans to double its fleet to more than 20 aircraft by 2012. And Abu Dhabi's Al Jaber Aviation began commercial operations in June with a business-jet service between Sharm el-Sheikh in Egypt and Paris.

And for the first time, Middle East business aviation companies are looking to expand their airport operations into Europe. Rizon, a Bahrain-based executive-aircraft charter company, plans to open a $16 million, 13,000-square-meter-hangar and business aircraft terminal at London/Biggin Hill airport in February.

"Just five years ago, the business aviation sector in the Middle East was a smaller industry with only a few major players," says ExecuJet's Mr. Berry. "Now we are seeing more competition in the region with an increased number of aircraft being offered for charter."

And as a symbol of the long-term commitment by Middle Eastern companies to the future of private air travel, Abu Dhabi's Aabar Investments announced in July that it will invest about $280 million for a 32% stake in Virgin Galactic, the London-based space-tourism company. The company plans to build a spaceport in Abu Dhabi for both passenger and scientific research space flights; the first Virgin Galactic spaceport is due for completion in Upham, New Mexico, at the end of next year with work beginning in Abu Dhabi some time later.

The text of this Special Advertising Section was written by Philip Butterworth-Hayes.



THE INTERNATIONAL INVESTOR

Corporate issuers scramble to sell

Urgency in launching debt offers is greater than usual; watching the punch bowl

By Kate Haywood

Companies around the world are racing into the bond market while investor demand remains hot, concerned that the window may slam shut at any moment.

While a rush to sell before markets wind down for the holidays is typical, this year the sense of urgency is greater. Central banks are preparing to stem the flow of easy credit that helped fuel this year's spectacular corporate-debt rally and some worry that the slowdown, if it comes too soon or too sharply, could cause a hitch in credit markets.

U.S. CREDIT MARKETS

There is real concern about what will happen when governments around the world start peeling back the layers of stimulus, said Brian Hessel, managing director at Global Credit Advisers LLC, which invests in high-yield and distressed debt.

"If the ending of government programs is done rapidly without a lot of replacement stimulus it'll be a difficult situation for the markets," he said. "But the people running the financial watchdogs are very aware that the markets need to have some preview of the punch bowl being taken away."

For now, investors are still snapping up corporate debt, and companies are taking advantage. Last week, U.K. satellite communications company **Inmarsat** PLC, American retailer **Toys "R" Us** Inc. and Polish broadcaster **TVN** SA were among the low-rated issuers selling more than $9.5 billion of risky junk bonds, according to data-provider Dealogic.

United Rentals Inc., an investment-grade equipment rental company, raised $500 million even though it didn't need the money.

"We didn't have an immediate near-term financing need, but we saw this as an opportunity," said Irene Moshouris, United Rentals' treasurer. "The market was more open and liquid than it has been in previous months."

In all, companies in the Americas sold more than $24.1 billion of debt last week and European companies sold the equivalent of $21.33 billion—the most since the week that began Oct. 26, which saw $45.1 billion of combined issuance from these regions, according to Dealogic. This week, U.S. junk-rated companies alone are preparing $4.12 billion of sales, including a $1.45 billion deal for **Clearwire** Corp., according to KDP Investment Advisors. That contrasts with last November, when no junk-rated company sold debt as credit markets seized up.

Investors across the globe have bought more than $2.7 trillion of new corporate bonds so far this year, a record, Dealogic said. That contrasts with less than $1.7 trillion in all of 2008, when the financial crisis shut down much of the capital markets.

At first, investors favored debt from higher-rated companies in recession-resistant industries like telecommunications and energy. But now, flush with cash and eager to increase returns, they're buying new bonds from companies that were locked out of the capital markets just a few months ago.

More low-rated borrowers may be coming. Investors anticipate that borrowers from London to New York to Asia—such as Brazilian steel maker **Gerdau** SA, Barbadian communications company **Columbus International** Inc., Singapore's **Axis Bank** Ltd. and Indonesian petrochemical company **Chandra Asri**—could sell before the year-end lull.

The ease with which companies can sell bonds has some people in the markets worried about how the less-creditworthy issuers will be able to cope when this debt matures in a few years' time.

"Investors are amenable and in some cases have allowed companies which were otherwise heading for bankruptcy to raise money," said James Lee, fixed-income analyst at Calvert Asset Management in Bethesda, Md. "There is a lot of blind faith involved."

So far this year, junk-bond issuers, such as casino operators **Harrah's Entertainment** Inc. and **MGM Mirage**, as well as homebuilders **Beazer Homes USA** Inc., have used 75% of proceeds from new deals to refinance existing debt, according to data from Bank of America Merrill Lynch. That is the highest proportion since the firm began keeping records in 1996 and well above the historical average of 52%, according to the bank.

As companies refinance, their total interest payments are rising, said Jason Mudrick, president and chief investment officer of Mudrick Capital Management LP. This leaves them with less free cash flow to refinance again when all of the debt issued during the credit bubble comes due, around 2014.

"Raising all this debt hasn't changed the situation for some companies," he said. "They will still file for bankruptcy, just further down the line."

Japan yield hits lowest point in one month

By Megumi Fujikawa

TOKYO—Japanese government bond yields fell Friday, pushing the benchmark 10-year yield to a one-month low.

Analysts credited a reaction to the steady rise in yields for much of the past month amid concerns that the government would issue more debt. But they said this move also may have run its course.

BOND MARKETS

"From the beginning, it was foreign hedge funds who had been selling JGBs on concerns of supply increases and worsening government fiscal health, and domestic players were quietly waiting for a good dip-buying chance," said Naomi Hasegawa, a senior strategist at Mitsubishi UFJ Securities.

The benchmark 10-year yield traded as low as 1.33% before ending at 1.335%, down 0.035 percentage point on the day.

Monday, the bond market could be moved by the release of Japan's quarterly gross-domestic-product data.

Real GDP is expected to have expanded 0.6% during July-September compared with the previous quarter, amounting to a 2.2% increase on an annualized basis, according to a median forecast of nine economists polled by Dow Jones Newswires. That would make it the second consecutive quarter of growth.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
InternRent AE	EU	BD	DEU	11/13	EUR	35.88	2.1	-0.6	8.3

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CAM-GTF Limited	AS	EQ	MUS	11/06	USD	243269.17	80.3	87.4	-5.2

GAM

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GAM Arbitrage Op	OT	OT	VGB	11/06	USD	1244.26	22.8	3.9	-9.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/09	JPY	14431.32	53.9	56.9	NS
GAM Asia Equity Hedge US	OT	OT	VGB	11/09	USD	272.34	56.0	59.4	-4.0
GAM Asia Equity USD	OT	OT	VGB	11/12	USD	627.16	56.2	66.5	-16.4
GAM Asia-Pacific Eq USD	OT	OT	VGB	11/10	USD	1259.42	17.2	13.2	-17.7
GAM Com Glb Bal EUR Op	US	BA	VGB	11/09	EUR	91.90	14.5	12.3	-10.8
GAM Com Glb Bal USD Op	US	BA	VGB	11/09	USD	127.03	14.5	12.3	-10.8
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/09	EUR	93.03	20.5	15.0	-18.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/09	USD	125.87	20.5	15.0	-18.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/09	EUR	82.22	14.5	11.0	-15.3
GAM Comp Glb Gr USD Op	US	BA	VGB	11/09	USD	125.83	14.5	11.0	-15.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/06	USD	235.36	29.2	24.3	-16.3
GAM Cross Trading Inc	OT	OT	VGB	11/09	USD	466.94	6.7	8.7	NS
GAM Diversity CHF Op	OT	OT	VGB	11/09	CHF	94.23	4.1	1.0	-7.7
GAM Diversity EUR Op	OT	OT	VGB	11/09	EUR	647.61	4.9	2.1	-6.1
GAM Diversity USD 2.5XL	OT	OT	VGB	10/30	USD	76.73	6.4	-2.6	-22.6
GAM Diversity USD Op	OT	OT	VGB	11/09	USD	680.17	4.9	1.8	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	11/09	CHF	99.51	4.0	0.7	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	11/09	EUR	138.69	4.5	1.3	-6.2
GAM Dvrsty II USD Op	OT	OT	VGB	11/09	USD	210.15	4.6	1.3	-6.4
GAM DvrstyIII EUR Op	OT	OT	VGB	10/30	EUR	114.70	3.8	0.5	-6.8
GAM DvrstyIII USD Op	OT	OT	VGB	10/30	USD	121.09	3.8	0.4	-6.9
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/09	EUR	212.47	7.7	3.5	-7.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/09	USD	197.77	8.6	5.3	-5.7
GAM European Equity USD	OT	OT	VGB	11/12	USD	302.49	29.2	37.4	-13.4
GAM GAMCO	OT	EQ	VGB	11/10	USD	793.61	36.8	24.0	-14.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	10/30	EUR	97.64	13.2	7.3	-17.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/09	USD	104.63	15.6	9.6	-15.6
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/09	USD	249.29	22.1	24.4	-10.8
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	10/30	USD	261.34	83.0	103.9	5.6
GAM Intrst Trend II	GL	BD	VGB	11/09	USD	96.00	45.3	42.9	-13.1
GAM Intrst Trend Inc	OT	OT	VGB	11/09	USD	252.35	58.4	60.0	-10.7
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/09	EUR	114.98	7.7	3.2	-11.1
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/09	USD	120.60	7.2	4.1	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	10/30	JPY	8507.22	10.3	7.0	-22.3
GAM Japan USD	JP	EQ	VGB	11/12	USD	1070.60	3.4	6.7	-17.2
GAM Japan YEN	JP	EQ	VGB	11/12	JPY	8460.98	5.6	4.9	-23.5
GAM Money Mkt EuroOp	EU	MM	VGB	11/12	EUR	51.20	0.2	0.4	1.9
GAM Money Mkt USD	US	MM	VGB	11/11	USD	100.00	0.0	0.0	1.1
GAM Multi-Arb EUR Op	OT	OT	VGB	11/09	EUR	113.28	1.1	-4.2	-9.1
GAM Multi-Arb USD Op	OT	OT	VGB	10/30	USD	118.02	1.1	-4.5	-9.4
GAM Multi-China EUR Op	OT	OT	VGB	10/30	EUR	159.17	7.2	8.0	-15.9
GAM Multi-China USD Op	OT	OT	VGB	10/30	USD	167.40	7.8	8.4	4.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	10/30	GBP	127.90	22.3	18.7	-4.8
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/09	USD	638.45	23.2	19.5	-4.3
GAM Multi-Eur EUR Op	OT	OT	VGB	10/30	EUR	265.40	5.7	5.2	-12.9
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/09	EUR	138.00	6.8	6.3	-12.0
GAM Multi-Eur II USD Op	OT	OT	VGB	11/09	USD	112.91	6.5	5.6	-13.0
GAM Multi-Eur USD Op	OT	OT	VGB	10/30	USD	462.12	5.5	4.6	-13.9
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/09	EUR	133.09	11.7	9.7	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/09	USD	216.84	12.1	10.7	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	10/30	EUR	140.15	2.8	2.6	-6.7
GAM Multi-Pac USD Op	OT	OT	VGB	11/09	USD	163.12	3.8	3.6	-6.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/06	USD	2499.87	60.7	53.3	6.4
GAM Sing/Malaysia	AS	EQ	VGB	11/12	USD	2431.58	46.4	46.0	-13.1
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/09	GBP	238.87	38.3	38.0	0.9
GAM Trading EUR Inc	OT	OT	VGB	11/09	EUR	325.84	6.6	8.8	7.4
GAM Trading USD Inc	OT	OT	VGB	11/09	USD	975.18	6.8	8.7	6.9
GAM Trdg II IncEUR Op	OT	OT	VGB	11/09	EUR	139.39	6.5	8.7	7.3
GAM Trdg II IncUSD Op	OT	OT	VGB	11/09	USD	316.64	6.8	8.7	6.9
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/09	EUR	147.11	6.3	8.5	7.1
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/09	USD	154.86	6.5	8.5	6.8
GAM Trdg V IncEUR Op	OT	OT	VGB	10/30	EUR	124.10	5.8	7.8	6.7
GAM Trdg V IncUSD Op	OT	OT	VGB	10/30	USD	129.23	5.9	7.8	6.3
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/09	EUR	157.29	6.4	8.6	7.1
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/09	USD	162.87	6.5	8.5	6.8
GAM USDSpecBondInc	US	BD	VGB	11/09	USD	517.18	70.1	72.0	3.5
GAM Worldwide	GL	EQ	VGB	11/11	USD	2254.74	25.9	32.7	-10.7
GAMut Investments	OT	OT	VGB	11/11	USD	7640.60	4.2	9.3	7.3

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	11/12	CHF	10.40	45.9	38.2	-22.3
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	11/12	EUR	11.01	46.4	38.4	-18.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	11/12	GBP	1.47	38.7	53.8	-7.0
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	11/12	EUR	12.85	57.3	66.1	-17.0
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	11/12	EUR	96.56	14.2	3.7	-16.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	11/12	EUR	93.44	14.2	3.7	-16.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	11/12	EUR	10.63	20.8	19.8	-12.5
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	11/12	EUR	179.42	22.5	20.0	-14.5
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	11/12	EUR	163.94	22.5	19.9	-14.5
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	11/12	USD	16.24	30.1	43.1	-13.3
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	11/12	USD	14.73	30.1	43.0	-13.3
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	11/11	USD	5.95	26.5	12.8	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	11/12	EUR	84.12	3.5	-3.2	-15.4
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	11/12	EUR	84.12	3.5	-3.2	-15.4
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	11/12	JPY	884.24	5.8	2.3	-24.2
GAMStar-JpnEq USD Acc	JP	EQ	IRL	11/12	USD	10.82	3.4	6.3	-17.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	11/12	USD	2214.22	26.8	33.7	-10.2

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EFG-Hermes Egypt	GL	EQ	BMU	10/28	USD	44.42	28.5	NS	NS
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	10/27	SAR	6.27	32.3	11.2	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

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LG Antenna	GL	EQ	BMU	11/06	USD	57.09	67.2	69.1	-14.0
LG Asian Plus	AS	EQ	CYM	11/06	USD	54.16	43.3	41.3	-24.1
LG AsianSmallerCo's	AS	EQ	BMU	11/12	USD	91.52	65.9	82.7	-24.4
LG India	EA	EQ	MUS	11/05	USD	57.60	80.5	83.7	-18.9

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American Growth	US	EQ	LUX	11/13	USD	14.67	23.6	22.8	-13.9
American Growth AA	US	EQ	LUX	11/13	USD	0.85	23.3	23.4	NS
Asian Equity	AS	EQ	LUX	11/13	USD	2.40	57.8	63.5	-12.6
Asian Equity AA	AS	EQ	LUX	11/13	USD	0.78	58.2	63.9	NS
Asian Sm Cap Equity AA	AS	EQ	LUX	11/13	USD	1.10	80.2	90.7	-10.5
China Value A	AS	EQ	LUX	11/13	USD	7.04	59.3	72.9	-8.9
China Value AA	AS	EQ	LUX	11/13	USD	2.22	58.8	72.3	-9.1
Dragon Growth	AS	EQ	LUX	11/13	USD	1.65	65.2	73.4	-10.5
Dragon Growth AA	OT	OT	LUX	11/13	HKD	8.01	66.6	73.8	NS
Emg Eastrn Europe A	EU	EQ	LUX	11/13	USD	4.60	94.8	98.6	-17.9
Emg Eastrn Europe AA	EU	EQ	LUX	11/13	USD	1.98	94.0	97.7	-18.1
European Growth	EU	EQ	LUX	11/13	USD	9.20	41.0	46.5	-18.7
European Growth AA	EU	EQ	LUX	11/13	USD	0.66	40.8	46.3	NS
Global Contrarain AA	GL	EQ	LUX	11/13	USD	0.86	80.3	84.3	NS
Global Property AA	OT	EQ	LUX	11/13	USD	0.66	40.7	43.3	-18.5
Global Resources AA	OT	EQ	LUX	11/13	USD	1.07	54.2	80.1	-13.0
Healthcare AA	OT	EQ	LUX	11/13	USD	0.89	9.3	12.3	NS
India Equity AA	EA	EQ	LUX	11/13	USD	1.06	71.8	74.7	-16.8
International Growth	GL	EQ	LUX	11/13	USD	3.03	21.7	23.6	-15.9
International Growth AA	GL	EQ	LUX	11/13	USD	0.70	21.3	23.2	NS
Japanese Growth	JP	EQ	LUX	11/13	USD	2.67	3.3	9.1	-16.2
Japanese Growth AA	JP	EQ	LUX	11/13	USD	0.70	3.1	8.9	NS
Latin America Equity AA	GL	EQ	LUX	11/13	USD	1.22	98.0	96.0	-7.1
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	11/13	USD	1.10	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	11/13	USD	0.64	133.9	120.1	NS
Taiwan Equity AA	AS	EQ	LUX	11/13	USD	1.02	69.8	76.3	-4.2
Turkey Equity AA	EE	EQ	LUX	11/13	USD	0.72	94.9	114.5	NS
U.S. Bond AA	US	BD	LUX	11/13	USD	1.10	13.1	16.2	5.6
U.S. High Yield Bond AA	US	BD	LUX	11/13	USD	0.72	54.5	38.9	-9.3
U.S. Sm Cap Equity AA	US	EQ	LUX	11/13	USD	0.77	64.7	52.1	-16.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	11/13	USD	1.14	7.8	13.1	3.6

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	11/04	USD	116.28	101.6	156.9	-6.6

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	11/12	USD	7.75	80.7	88.1	-8.4

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	11/11	EUR	20.23	52.1	39.6	-3.3
Bonds EURO A	EU	BD	LUX	11/12	EUR	41.21	4.4	7.7	5.2
Bonds EUROPE A	EU	BD	LUX	11/12	EUR	39.26	3.6	6.4	4.1
Bonds US OppsCoreplus A	US	BD	LUX	11/12	USD	37.01	17.4	20.0	9.1
Bonds World A	GL	BD	LUX	11/11	USD	43.58	9.4	19.4	7.7
Eq. China A	AS	EQ	LUX	11/12	USD	23.86	59.7	74.6	-15.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	11/12	EUR	26.12	26.8	29.8	-19.5
Eq. Eastern Europe A	EU	EQ	LUX	11/12	EUR	22.38	69.3	57.5	-28.7
Eq. Euroland A	EU	EQ	LUX	11/12	EUR	10.43	13.8	16.2	-22.3
Eq. EurolandCyclclsA	EU	EQ	LUX	11/12	EUR	17.11	24.6	31.7	-17.8
Eq. EurolandFinancialA	OT	EQ	LUX	11/12	EUR	11.89	41.1	33.0	-19.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	11/11	USD	9.68	61.8	68.3	-17.3
Eq. Global A	GL	EQ	LUX	11/12	USD	27.48	30.6	37.4	-15.4
Eq. Global Energy A	OT	EQ	LUX	11/12	USD	18.01	28.8	28.0	-15.5
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	11/12	USD	31.17	52.0	125.7	-2.7
Eq. Pacific A	AS	EQ	LUX	11/12	USD	10.23	60.2	63.8	-14.6
Eq. US Lg Cap Gr A	US	EQ	LUX	11/12	USD	14.78	38.6	32.8	-12.7
Eq. US Rel Val A	US	EQ	LUX	11/12	USD	20.12	30.9	30.9	-16.3
Eq. US Sm Cap Val A	US	EQ	LUX	11/12	USD	14.89	17.4	15.3	-22.9
Money Market EURO A	EU	MM	LUX	11/11	EUR	27.38	0.9	1.5	2.9
Money Market USD A	US	MM	LUX	11/11	USD	15.83	0.5	0.8	2.0

المستثمر الوطني
The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	11/05	USD	1039.23	10.5	-3.8	-20.6
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/05	AED	6.16	34.2	-9.4	-24.2

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	10/30	USD	27.48	71.3	87.2	-7.5
Intel-China Converg*	AS	EQ	CYM	10/30	USD	105.19	72.6	90.7	-10.8
VP Classic - A	AS	EQ	CYM	11/12	USD	181.23	77.8	95.1	-7.3
VP CLassic - B	AS	EQ	CYM	11/12	USD	84.53	77.0	94.1	-7.7
VP High Dividend Stk	AS	EQ	CYM	11/09	USD	43.57	75.3	87.6	-5.2

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	11/13	JPY	8909.00	3.8	1.7	-29.1
YMR-N Small Cap Fund	OT	OT	IRL	11/13	JPY	6825.00	7.2	10.4	-27.9
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	11/13	JPY	5848.00	-0.9	0.5	-29.6
Yuki 77 Growth	JP	EQ	IRL	11/13	JPY	5570.00	-5.8	-6.0	-34.5
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	11/13	JPY	6452.00	3.4	4.6	-27.0
Yuki Chugoku JpnLowP	JP	EQ	IRL	11/13	JPY	7498.00	-8.4	-4.4	-25.4
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	11/13	JPY	4395.00	-3.4	-3.0	-30.3
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	11/13	JPY	5008.00	-5.1	-3.6	-23.5
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	11/13	JPY	4988.00	6.0	12.5	-25.8
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	11/13	JPY	4139.00	-2.6	-4.1	-33.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	11/13	JPY	4512.00	0.4	-2.1	-33.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	11/13	JPY	6492.00	6.4	6.1	-28.2
Yuki Mizuho Jpn Gen	OT	OT	IRL	11/13	JPY	8174.00	1.9	3.5	-28.8
Yuki Mizuho Jpn Gro	OT	OT	IRL	11/13	JPY	6123.00	-2.1	0.6	-31.3
Yuki Mizuho Jpn Inc	OT	OT	IRL	11/13	JPY	7196.00	-9.5	-7.6	-26.5
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	11/13	JPY	4932.00	-1.0	-0.4	-28.4
Yuki Mizuho Jpn LowP	OT	OT	IRL	11/13	JPY	11296.00	-0.3	5.3	-21.8
Yuki Mizuho Jpn PGth	OT	OT	IRL	11/13	JPY	7699.00	0.8	1.1	-32.5
Yuki Mizuho Jpn SmCp	OT	OT	IRL	11/13	JPY	6934.00	13.1	17.8	-27.8
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	11/13	JPY	5476.00	5.4	10.2	-24.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	11/13	JPY	2766.00	15.9	10.8	-32.9
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	11/13	JPY	5143.00	0.9	2.3	-29.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Brazil	1.96%	**100.7%**	114.3%
Russia	-0.96	**91.4**	98.4
China 88	0.46	**81.8**	67.1
Turkey	-0.65	**75.5**	85.9
Singapore	0.15	**56.5**	56.3
Hong Kong	0.61	**53.0**	66.3
Sweden	-0.22	**50.9**	57.2
South Korea	0.18	**43.5**	46.8
Netherlands	-0.09	**36.1**	32.5
Australia	-1.09	**26.7**	26.1
Canada	0.33	**26.4**	26.0
Switzerland	-0.09	**23.1**	20.5
Italy	0.12	**22.0**	13.5
U.K.	0.45	**18.9**	24.6
France	0.04	**18.8**	16.9
South Africa	-0.62	**18.4**	34.6
Spain	0.17	**16.8**	21.3
Germany	0.38	**12.9**	14.6
Japan	-0.14	**1.8**	1.4

Dow Jones Regional Sector Titans

Basic Res	0.79%	**75.1%**	91.1%
Tiger 50*	0.56	**56.0**	67.2
Technology	0.70	**50.0**	56.6
EU Enlarged†	-1.07	**39.0**	30.4
Nordic 30	0.08	**38.9**	32.5
Asian 50	0.34	**29.7**	37.2
Stoxx 50	0.49	**20.4**	16.5
Global 50	0.41	**19.7**	23.0
Euro Stoxx 50	0.21	**17.8**	17.4
Arab 50	-0.11	**8.8**	5.9

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
KB Fncl Group	South Korea	Banks	$19.8	59,500	**2.94%**	90.3%	-16.9%
Indl Comm Bk China	Hong Kong	Banks	72.9	6.80	**1.95**	81.3	70.0
POSCO	South Korea	Iron Steel	35.6	543,000	**1.88**	70.5	98.9
KDDI	Japan	Mobile Telecommunications	22.8	461,000	**1.77**	-23.0	-39.2
Mizuho Financial Grp	Japan	Banks	28.1	179.00	**1.70**	-26.3	-78.9
National Australia Bk	Australia	Banks	$55.1	28.89	**-3.96%**	46.0	-26.4
Aus NZ Bk	Australia	Banks	52.1	22.48	**-2.01**	63.1	-21.1
BHP Billiton	Australia	General Mining	121.2	39.01	**-1.37**	47.8	47.3
Nintendo	Japan	Toys	32.8	22,980	**-1.37**	-23.9	-11.6
PetroChina	Hong Kong	Integrated Oil Gas	27.1	9.95	**-1.29**	70.7	10.7

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shinhan Financial Grp South Korea (Banks)	19.6	47,800	**1.70%**	54.6%	7.4%

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.6	116.60	**1.48**	98.3	29.3
China Constr Bk Hong Kong (Banks)	206.7	7.13	**1.42**	72.2	75.6
NTT DoCoMo Japan (Mobile Telecommunications)	61.9	130,100	**1.32**	-13.3	-28.5
Seven I Hldgs Japan (Broadline Retailers)	19.5	1,937	**1.31**	-35.4	-44.3
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.3	97.90	**1.19**	49.6	10.1
Tokyo Elec Power Japan (Conventional Electricity)	32.4	2,150	**1.18**	-26.0	-38.8
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.2	133.00	**1.14**	154.9	-6.2
Nippon T&T Japan (Fixed Line Telecommunications)	55.5	3,760	**1.08**	-11.1	-34.4
CNOOC Hong Kong (Exploration Production)	72.3	12.54	**0.97**	109.0	88.0
China Life Ins Hong Kong (Life Insurance)	37.2	38.70	**0.91**	77.1	109.9
Kansai Elec Power Japan (Conventional Electricity)	21.3	2,000	**0.81**	-17.5	-29.2
Tokio Marine Japan (Property Casualty Insurance)	21.2	2,410	**0.63**	-23.0	-37.2
Sumitomo Mitsui Finl Japan (Banks)	36.4	3,240	**0.62**	-10.5	-73.0
East Japan Railway Japan (Travel Tourism)	25.4	5,700	**0.53**	-23.3	-30.0
Canon Japan (Electronic Office Equipment)	47.1	3,420	**0.29**	17.3	-45.8
Mitsubishi Japan (Industrial Suppliers)	36.7	2,005	**0.25**	55.3	-2.7
Woolworths Australia (Food Retailers Wholesalers)	32.0	28.04	**0.14**	-0.9	28.2
Japan Tobacco Japan (Tobacco)	26.7	249,600	**0.12**	-19.5	-52.5
QBE Ins Grp Australia (Reinsurance)	20.9	22.50	**...**	-13.3	-11.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.0	54.50	**...**	45.5%	-24.2%
Takeda Pharm Japan (Pharmaceuticals)	31.0	3,520	**...**	-25.0	-53.1

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.20%	0.32%	1.5%	7.0%	7.2%
Event Driven	0.05	0.65	4.3	13.3	2.7
Equity Long/Short	-0.17	-1.54	0.3	2.8	-3.9

*Estimates as of 11/12/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

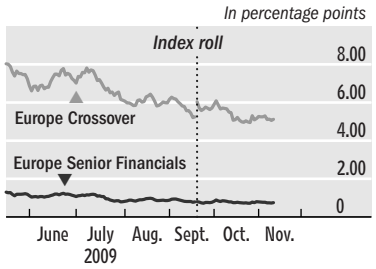
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.84	100.75%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.38	98.22	0.01	1.76	1.34	1.47
Europe Crossover: 12/1	5.12	99.49	0.05	6.15	4.87	5.38
Asia ex-Japan IG: 12/1	1.06	99.70	0.01	1.26	0.96	1.10
Japan: 12/1	1.30	98.52	0.01	1.53	0.99	1.27

Note: Data as of November 12

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	789	**-26**	-99	-354
Promise	784	**-16**	-96	-361
Kawasaki Kisen Kaisha	153	**-9**	-9	24
Victor Co of Japan	1832	**-6**	-41	96
All Nippon Awys	314	**-6**	-21	22
Nippon Yusen Kabushiki Kaisha	95	**-5**	-10	15
Hitachi Cap	92	**-3**	-2	-1
Bk of Tokyo Mitsubishi UFJ	70	**-3**	2	18
Acom	358	**-3**	-48	-192
Asahi Kasei	42	**-3**	...	-1

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Rep Philippines	177	**2**	-13	27
Mitsubishi Chem	101	**2**	7	6
Kubota	35	**2**	1	...
NEC	98	**2**	...	14
Shin Han Bk	117	**2**	-7	4
Marui Group	186	**3**	...	33
Aeon	123	**3**	8	25
Toshiba	179	**4**	3	17
Wan Hai Lines	184	**4**	-8	-54
Ptt Pub	101	**5**	-1	20

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, France

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

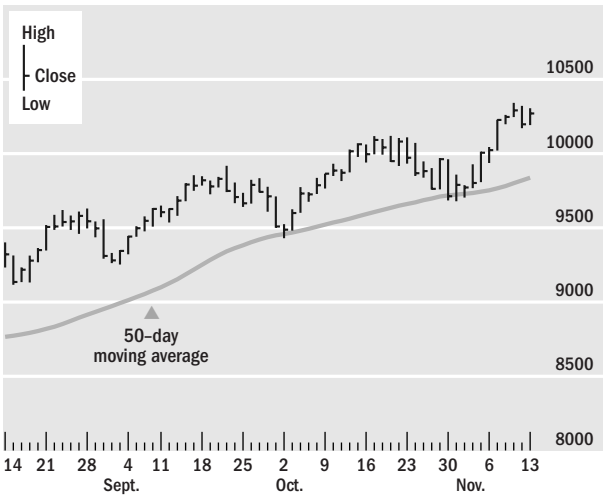
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
BNP Paribas	$259	13.2%	26%	42%	26%	5%
Calyon	246	12.5	45	42	8	5
SG Corporate Investment Banking	195	9.9	29	57	10	4
JPMorgan	147	7.5	52	28	19	1
HSBC	134	6.8	40	50	8	3
Bank of America Merrill Lynch	112	5.7	22	33	45	...
Credit Suisse	86	4.4	26	56	18	...
Natixis	72	3.7	3	85	5	8
Citi	65	3.3	41	27	30	2

Source: Dealogic

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10270.47** ▲ 73.00, or 0.72%
YEAR TO DATE: ▲ **1,494.08, or 17.0%**
OVER 52 WEEKS ▲ **1,773.16, or 20.9%**



Nasdaq Composite Index P/E: 44*

LAST: **2167.88** ▲ 18.86, or 0.88%
YEAR TO DATE: ▲ **590.85, or 37.5%**
OVER 52 WEEKS ▲ **651.03, or 42.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**190.1**	$4.05	–$0.01	**–0.25%**
SPDR S&P 500	SPY	**150.9**	109.62	0.59	**0.54**
BankAm	BAC	**124.6**	15.98	–0.08	**–0.50**
PwrShrs QQQ	QQQQ	**87.9**	44.01	0.36	**0.82**
FordMotor	F	**86.1**	8.41	0.21	**2.56**
DrxFinancBear 3x	FAZ	**78.1**	19.78	0.06	**0.31**
SPDR FnclSelSct	XLF	**74.8**	14.66	–0.03	**–0.20**
iShrRu2000	IWM	**70.3**	58.73	0.56	**0.96**
iShrMSCIEmrgMkt	EEM	**69.8**	41.04	0.69	**1.71**
AdvMicro	AMD	**68.1**	6.53	0.05	**0.77**
3ComCp	COMS	**66.2**	7.51	0.05	**0.67**

Biggest gainers...

Netlist	NLST	**11,433.8**	$4.47	$2.40	**115.94%**
Rue21	RUE	**7,763.9**	24.30	5.30	**27.89**
GpoRadio ADS	RC	**4.9**	9.25	1.99	**27.41**
Playboy A	PLAA	**82.0**	6.00	1.10	**22.45**
AssrdGrny	AGO	**8,518.4**	21.66	3.56	**19.67**

...Biggest losers

Engex	EGX	**7.6**	$2.85	-$0.93	**-24.60%**
WesLibBncp un	WLBCU	**2.1**	7.75	-1.70	**-17.99**
IridiumComsWt	IRDMW	**8.6**	3.38	-0.57	**-14.43**
TandyBrnd	TBAC	**25.2**	3.30	-0.53	**-13.84**
Optelcom NKF	OPTC	**34.3**	2.28	-0.36	**-13.64**

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**18.60**	$26.25	-0.04	**-0.15%**
Alcoa	AA	**17.00**	13.18	-0.02	**-0.15**
AmExpress	AXP	**15.00**	40.35	0.85	**2.15**
BankAm	BAC	**119.50**	15.98	-0.08	**-0.50**
Boeing	BA	**3.40**	50.68	0.40	**0.80**
Caterpillar	CAT	**6.20**	58.78	0.21	**0.36**
Chevron	CVX	**7.30**	77.94	0.52	**0.67**
CiscoSys	CSCO	**33.80**	23.71	0.31	**1.32**
CocaCola	KO	**7.70**	56.46	0.52	**0.93**
Disney	DIS	**27.60**	30.44	1.39	**4.78**
DuPont	DD	**6.00**	34.31	0.44	**1.30**
ExxonMobil	XOM	**13.20**	72.47	0.57	**0.79**
GenElec	GE	**62.90**	15.66	-0.09	**-0.57**
HewlettPk	HPQ	**13.20**	49.91	0.21	**0.42**
HomeDpt	HD	**13.70**	27.34	0.10	**0.37**
Intel	INTC	**41.20**	19.82	0.14	**0.71**
IBM	IBM	**4.60**	127.03	0.77	**0.61**
JPMorgChas	JPM	**33.90**	42.90	-0.40	**-0.92**
JohnsJohns	JNJ	**9.50**	61.43	0.28	**0.46**
KftFoods	KFT	**6.60**	26.91	0.07	**0.26**
McDonalds	MCD	**9.30**	63.58	1.41	**2.27**
Merck	MRK	**13.90**	33.10	0.12	**0.36**
Microsoft	MSFT	**50.60**	29.63	0.27	**0.92**
Pfizer	PFE	**34.40**	17.59	-0.03	**-0.17**
ProctGamb	PG	**10.90**	61.61	0.31	**0.51**
3M	MMM	**2.20**	77.32	0.11	**0.14**
TravelersCos	TRV	**3.40**	53.28	0.14	**0.26**
UnitedTech	UTX	**4.60**	67.99	1.29	**1.93**
Verizon	VZ	**11.20**	30.13	-0.03	**-0.10**
WalMart	WMT	**17.00**	53.20	-0.04	**-0.08**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.53	**Taiwan Semi**	TSM	**18,996.4**	$10.59	0.14	**1.34%**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**6,206.7**	5.19	-0.44	**-7.82**
11.73	4.78	**AU Optrncs**	AUO	**3,292.3**	9.93	0.28	**2.90**
74.98	24.53	**BHP Billiton**	BHP	**3,119.4**	73.29	1.72	**2.40**
3.84	1.62	**Utd Microelectronics**	UMC	**2,897.4**	3.67	0.05	**1.38**
51.11	21.10	**Infosys Tech**	INFY	**2,135.7**	50.87	1.41	**2.85**
15.95	8.56	**China Unicom**	CHU	**1,536.5**	13.83	0.04	**0.29**
18.80	12.59	**SK Telecom**	SKM	**1,530.8**	17.39	0.41	**2.41**
59.22	38.51	**China Mobile**	CHL	**1,504.1**	48.00	-0.09	**-0.19**
9.50	3.96	**Nomura Hldgs**	NMR	**1,353.1**	7.02	0.03	**0.43**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**1,295.4**	7.33	0.08	**1.10**
76.27	33.93	**China Life Ins**	LFC	**592.5**	75.10	1.11	**1.50**
4.53	1.36	**Adv Semi Engrg**	ASX	**587.6**	4.46	0.08	**1.83**
30.82	15.64	**Sony**	SNE	**548.0**	28.35	0.11	**0.39**
19.56	15.05	**ChunghwaTel**	CHT	**545.1**	17.95	0.14	**0.79**
17.66	9.94	**KT Corp**	KTC	**512.2**	17.03	0.13	**0.77**
21.93	8.87	**Nidec**	NJ	**463.8**	21.25	0.27	**1.29**
32.79	8.11	**Aluminum Cp of China**	ACH	**460.6**	28.13	0.23	**0.82**
27.96	17.71	**NTT**	NTT	**457.4**	20.97	0.37	**1.80**
4.00	0.87	**SemiMfgInt**	SMI	**396.8**	3.37	-0.33	**-8.92**
18.42	4.05	**Yanzhou Coal Mining**	YZC	**392.3**	18.31	0.33	**1.84**
15.29	6.85	**Korea Elec Pwr**	KEP	**389.2**	14.53	0.21	**1.47**
150.50	42.35	**POSCO**	PKX	**364.8**	117.77	4.03	**3.54**
135.92	63.62	**PetroChina**	PTR	**340.6**	129.50	0.68	**0.53**
87.67	55.41	**Toyota Motor**	TM	**332.3**	78.25	0.53	**0.68**
20.35	13.11	**NTT DoCoMo**	DCM	**297.8**	14.53	0.33	**2.32**
41.25	21.23	**Canon**	CAJ	**220.3**	37.99	0.43	**1.14**
32.99	17.35	**Honda Motor**	HMC	**220.1**	32.18	0.20	**0.63**
167.15	60.57	**CNOOC**	CEO	**197.0**	162.05	3.77	**2.38**
16.60	10.60	**Matsushita Elec**	PC	**186.0**	13.54	0.07	**0.52**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

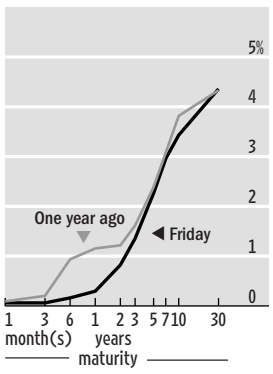
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.665%**	**385.1**	388.9	366.2	**219.7**	**4.720%**	4.569%	**3.433%**
4.500	10	**5.608**	**216.4**	216.5	207.2	**106.5**	**5.637**	5.411	**4.917**
5.250	**Austria** 2	**0.920**	**10.6**	3.9	10.9	**131.1**	**0.870**	1.016	**2.547**
4.350	10	**3.672**	**22.8**	15.6	29.4	**41.0**	**3.628**	3.633	**4.262**
3.500	**Belgium** 2	**1.029**	**21.5**	25.1	23.4	**142.3**	**1.082**	1.141	**2.659**
4.000	10	**3.705**	**26.1**	20.4	33.7	**44.0**	**3.676**	3.676	**4.292**
1.250	**Canada** 2	**1.390**	**57.6**	58.4	60.3	**69.0**	**1.415**	1.510	**1.926**
3.750	10	**3.482**	**3.8**	4.7	16.1	**-10.6**	**3.519**	3.500	**3.746**
4.000	**Denmark** 2	**2.257**	**144.3**	145.7	139.0	**220.4**	**2.288**	2.297	**3.440**
4.000	10	**3.716**	**27.2**	23.7	22.1	**22.6**	**3.709**	3.560	**4.078**
1.500	**France** 2	**1.253**	**43.9**	43.4	49.0	**131.9**	**1.265**	1.397	**2.555**
3.750	10	**3.610**	**16.6**	12.7	19.2	**20.3**	**3.599**	3.531	**4.055**
1.250	**Germany** 2	**1.210**	**39.6**	39.6	39.6	**102.2**	**1.227**	1.303	**2.258**
3.250	10	**3.381**	**-6.3**	-9.7	-17.6	**-14.7**	**3.375**	3.163	**3.705**
0.550	**Hong Kong** 2	**0.600**	**-21.4**	-32.0	-37.9	**-45.3**	**0.511**	0.528	**0.783**
2.640	10	**2.384**	**-106.0**	-109.1	-103.9	**-183.6**	**2.381**	2.300	**2.016**
3.750	**Italy** 2	**1.422**	**60.8**	61.5	62.4	**194.5**	**1.446**	1.531	**3.181**
4.250	10	**4.087**	**64.3**	58.3	62.3	**83.9**	**4.055**	3.962	**4.691**
0.300	**Japan** 2	**0.260**	**-55.4**	-56.6	-64.7	**-68.1**	**0.265**	0.260	**0.555**
1.300	10	**1.350**	**-209.4**	-209.2	-204.4	**-233.7**	**1.380**	1.295	**1.515**
4.000	**Netherlands** 2	**0.854**	**4.0**	4.1	7.9	**130.7**	**0.872**	0.986	**2.543**
4.000	10	**3.572**	**12.8**	9.3	16.8	**17.9**	**3.565**	3.507	**4.031**
3.200	**Portugal** 2	**1.142**	**32.8**	29.0	35.4	**177.9**	**1.121**	1.261	**3.015**
4.750	10	**3.814**	**37.0**	32.8	49.0	**56.8**	**3.800**	3.829	**4.420**
5.350	**Spain** 2	**1.337**	**52.3**	51.2	55.1	**163.4**	**1.343**	1.458	**2.870**
4.300	10	**3.876**	**43.2**	37.0	46.7	**36.2**	**3.842**	3.806	**4.214**
4.000	**Switzerland** 2	**0.486**	**-32.8**	-30.9	-41.0	**55.1**	**0.522**	0.497	**1.787**
3.000	10	**2.000**	**-144.4**	-148.2	-132.3	**-123.2**	**1.990**	2.016	**2.620**
3.250	**U.K.** 2	**1.354**	**54.0**	-7.6	-12.4	**103.1**	**0.755**	0.783	**2.267**
4.500	10	**3.800**	**35.6**	32.0	6.6	**24.0**	**3.792**	3.405	**4.092**
1.000	**U.S.** 2	**0.814**	**...**	...	...	**...**	**0.831**	0.907	**1.236**
3.375	10	**3.444**	**...**	...	...	**...**	**3.472**	3.339	**3.852**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.360%**	16.63	–1.75 %	–4.41 %	–22.56 %	3.22 %
10-year Treasury	**3.431**	8.42	–0.17	–0.56	–6.68	6.69
7 Year Treasury	**2.960**	6.22	0.28	0.39	...	...
Five-year Treasury	**2.264**	4.66	0.35	0.74	0.71	5.73
Ryan Index	**2.532**	6.80	–0.12	–0.44	–4.82	5.36
3 Year Treasury	**1.354**	2.93	0.38	0.71	1.78	4.05
Two-year Treasury	**0.823**	1.94	0.19	0.49	1.63	2.93
1 Year Treasury	**0.295**	0.94	0.08	0.20	0.95	1.91
Six-month Treasury	**0.162**	0.50	0.02	0.05	0.61	1.23
Ryan Cash Index-a	**0.145**	0.44	0.03	0.07	0.51	0.92
Three-month bill	**0.061**	0.25	0.01	0.04	0.35	0.42
One-month bill	**0.061**	0.07	.....	0.01	0.14	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.875
Britain	**0.50**	3.00
ECB	**1.00**	3.25
Switzerland	**0.53**	2.31
Australia	**3.50**	5.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23750%**	1.47750%
Three month	**0.27250**	2.23625
Six month	**0.52063**	2.71375
One year	**1.09063**	2.90500

	Latest	52 wks ago
Euro Libor		
One month	**0.39375%**	3.81625%
Three month	**0.67125**	4.22125
Six month	**0.97875**	4.28500
One year	**1.21250**	4.35500
Hibor		
One month	**0.09893**	1.10071%
Three month	**0.14857**	2.19000
Six month	**0.35786**	2.49714
One year	**0.63929**	2.54857
Asian dollars		
One month	**0.2450%**	1.53%
Three month	**0.2850**	2.2233
Six month	**0.5350**	2.6733
One year	**1.1100**	2.8500

	Offer	Bid
Eurodollars		
One month	**0.2800%**	0.1800%
Three month	**0.3800**	0.2800
Six month	**0.6000**	0.5000
One year	**1.5000**	0.7500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.13%**	0.18%
U.K. (BBA)	**0.475**	2.617
Euro zone	**0.34**	2.98

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**405.75**	unch.	**unch.**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**987.00**	-3.00	**-0.30%**	1,315.00	794.00
Wheat (cents/bu.)	CBOT	**559.75**	7.50	**1.36%**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.150**	0.325	**0.38**	108.600	84.150
Cocoa ($/ton)	ICE-US	**3,134**	1	**0.03**	3,439	1,994
Coffee (cents/lb.)	ICE-US	**134.20**	0.55	**0.41**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**22.72**	0.03	**0.13**	26.25	11.91
Cotton (cents/lb.)	ICE-US	**71.33**	1.02	**1.45**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,269.00**	24	**1.07**	4,200	1,487
Cocoa (pounds/ton)	LIFFE	**2,081**	-26	**-1.23**	2,250	1,475
Robusta coffee ($/ton)	LIFFE	**1,306**	-7	**-0.53**	1,955	1,295
Copper (cents/lb.)	COMEX	**299.95**	2.65	**0.89**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1116.70**	10.10	**0.91**	1,123.40	494.00
Silver (cents/troy oz.)	COMEX	**1738.00**	11.50	**0.67**	2,200.00	740.00
Aluminum ($/ton)	LME	**1,936.00**	-14.50	**-0.74**	2,065.00	1,288.00
Tin ($/ton)	LME	**14,775.00**	100.00	**0.68**	15,700.00	9,750.00
Copper ($/ton)	LME	**6,511.00**	22.00	**0.34**	6,695.00	2,815.00
Lead ($/ton)	LME	**2,260.00**	-5.00	**-0.22**	2,459.50	870.00
Zinc ($/ton)	LME	**2,166.50**	3.00	**0.14**	2,344.00	1,065.00
Nickel ($/ton)	LME	**16,200**	-175	**-1.07**	21,150	9,175
Crude oil ($/bbl.)	NYMEX	**77.03**	-0.62	**-0.80**	139.00	47.31
Heating oil ($/gal.)	NYMEX	**2.0030**	-0.0238	**-1.17**	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	**1.9472**	-0.0231	**-1.17**	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	**4.798**	0.037	**0.78**	12.920	4.674
Brent crude ($/bbl.)	ICE-EU	**76.31**	-0.46	**-0.60**	108.19	48.19
Gas oil ($/ton)	ICE-EU	**622.00**	-4.75	**-0.76**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Nov. 13

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6777	0.1761	3.8138	0.2622
Brazil real	2.5740	0.3885	1.7290	0.5784
Canada dollar	1.5621	0.6402	1.0493	0.9531
1-mo. forward	1.5620	0.6402	1.0492	0.9531
3-mos. forward	1.5620	0.6402	1.0492	0.9531
6-mos. forward	1.5623	0.6401	1.0494	0.9529
Chile peso	747.43	0.001338	502.05	0.001992
Colombia peso	2939.16	0.0003402	1974.25	0.0005065
Ecuador US dollar-f	1.4888	0.6717	1	1
Mexico peso-a	19.5194	0.0512	13.1113	0.0763
Peru sol	4.2816	0.2336	2.8760	0.3477
Uruguay peso-e	30.445	0.0328	20.450	0.0489
U.S. dollar	1.4888	0.6717	1	1
Venezuela bolivar	3.20	0.312814	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.5993	0.6253	1.0743	0.9309
China yuan	10.1627	0.0984	6.8263	0.1465
Hong Kong dollar	11.5376	0.0867	7.7499	0.1290
India rupee	68.8919	0.0145	46.2750	0.0216
Indonesia rupiah	13957	0.0000717	9375	0.0001067
Japan yen	133.50	0.007490	89.68	0.011151
1-mo. forward	133.48	0.007492	89.66	0.011153
3-mos. forward	133.43	0.007494	89.63	0.011157
6-mos. forward	133.35	0.007499	89.57	0.011164
Malaysia ringgit-c	5.0253	0.1990	3.3755	0.2963
New Zealand dollar	2.0078	0.4981	1.3486	0.7415
Pakistan rupee	124.236	0.0080	83.450	0.0120
Philippines peso	69.487	0.0144	46.675	0.0214
Singapore dollar	2.0647	0.4843	1.3869	0.7210
South Korea won	1722.93	0.0005804	1157.30	0.0008641
Taiwan dollar	47.960	0.02085	32.215	0.03104
Thailand baht	49.508	0.02020	33.255	0.03007

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6717	1.4888
1-mo. forward	1.0001	0.9999	0.6718	1.4886
3-mos. forward	1.0004	0.9996	0.6719	1.4882
6-mos. forward	1.0008	0.9992	0.6723	1.4875
Czech Rep. koruna-b	25.513	0.0392	17.137	0.0584
Denmark krone	7.4403	0.1344	4.9977	0.2001
Hungary forint	268.93	0.003718	180.64	0.005536
Norway krone	8.3567	0.1197	5.6132	0.1782
Poland zloty	4.1006	0.2439	2.7544	0.3631
Russia ruble-d	42.978	0.02327	28.868	0.03464
Sweden krona	10.1889	0.0981	6.8439	0.1461
Switzerland franc	1.5099	0.6623	1.0142	0.9860
1-mo. forward	1.5096	0.6624	1.0140	0.9862
3-mos. forward	1.5091	0.6627	1.0137	0.9865
6-mos. forward	1.5081	0.6631	1.0130	0.9871
Turkey lira	2.2068	0.4532	1.4823	0.6746
U.K. pound	0.8928	1.1200	0.5997	1.6675
1-mo. forward	0.8930	1.1198	0.5999	1.6671
3-mos. forward	0.8934	1.1193	0.6001	1.6664
6-mos. forward	0.8939	1.1187	0.6005	1.6654
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5613	1.7817	0.3770	2.6526
Egypt pound-a	8.1230	0.1231	5.4563	0.1833
Israel shekel	5.6185	0.1780	3.7740	0.2650
Jordan dinar	1.0544	0.9484	0.7083	1.4119
Kuwait dinar	0.4251	2.3522	0.2856	3.5019
Lebanon pound	2235.36	0.0004474	1501.50	0.0006660
Saudi Arabia riyal	5.5834	0.1791	3.7504	0.2666
South Africa rand	11.0818	0.0902	7.4437	0.1343
United Arab dirham	5.4683	0.1829	3.6731	0.2722
SDR -f	0.9315	1.0736	0.6257	1.5983

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
45	**ASIA-PACIFIC**	DJ Asia-Pacific	120.82	0.52	**0.43%**	29.1%	39.3%
...	Australia	SPX/ASX 200	4706.4	-41.5	**-0.87%**	26.4	25.6
33	China	CBN 600	28476.70	194.53	**0.69**	92.9	84.4
21	Hong Kong	Hang Seng	22553.63	156.06	**0.70**	56.8	66.5
19	India	Sensex	16848.83	152.80	**0.92**	74.6	79.5
...	Indonesia	Jakarta Composite	2426.801	6.520	**0.27**	79.0	91.9
...	Japan	Nikkei Stock Average	9770.31	-34.18	**-0.35**	10.3	15.5
...		Topix	866.80	-0.90	**-0.10**	0.9	2.3
...	Malaysia	Kuala Lumpur Composite	1270.96	-0.79	**-0.06**	45.0	44.2
...	New Zealand	NZSX-50	3158.144	-13.941	**-0.44**	16.3	14.1
8	Pakistan	KSE 100	9067.17	142.93	**1.60**	54.6	-1.3
16	Philippines	Manila Composite	3034.32	-39.60	**-1.29**	62.0	53.4
...	Singapore	Straits Times	2727.23	0.99	**0.04**	54.8	55.0
11	South Korea	Kospi	1571.99	-0.74	**-0.05**	39.8	44.4
21	Taiwan	Weighted	7665.63	-5.30	**-0.07**	67.0	72.2
10	Thailand	SET	698.33	1.61	**0.23**	55.2	62.4
50	**EUROPE**	DJ Stoxx 600	247.80	1.19	**0.48**	25.9	20.5
22		DJ Stoxx 50	2509.60	12.35	**0.49**	21.5	16.5
40	**Euro Zone**	DJ Euro Stoxx	269.11	0.50	**0.19%**	20.8%	19.4%
18		DJ Euro Stoxx 50	2883.04	6.12	**0.21**	17.6	17.4
19	Denmark	OMX Copenhagen	311.71	-0.44	**-0.14%**	37.8	25.5
19	Finland	OMX Helsinki	6303.44	16.62	**0.26**	16.7	13.6
17	France	CAC-40	3806.01	-2.06	**-0.05**	18.3	15.6
21	Germany	DAX	5686.83	22.87	**0.40**	18.2	20.7
16	Italy	FTSE MIB	23284.20	74.73	**0.32**	19.7	11.8
...	Netherlands	AEX	317.37	0.31	**0.10**	29.0	25.7
...	Russia	RTSI	1419.49	-5.85	**-0.41**	124.6	120.4
11	Spain	IBEX 35	11867.0	32.5	**0.27**	29.0	34.4
14	Switzerland	SMI	6351.08	-4.68	**-0.07**	14.8	8.8
...	Turkey	ISE National 100	48441.90	-304.13	**-0.62**	80.3	90.5
14	U.K.	FTSE 100	5296.38	19.88	**0.38**	19.4	25.1
1	**AMERICAS**	DJ Americas	289.03	1.77	**0.62**	27.8	32.6
...	Brazil	Bovespa	65325.63	877.70	**1.36**	74.0	82.5
...	Argentina	Merval	2233.43	14.15	**0.64**	106.9	118.4
20	Mexico	IPC	31002.09	242.24	**0.79**	38.5	58.5

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.20%	2	**DJ Global Index**	223.95	1.15	**1.15%**	37.0%	0.5%	-5.6%
1.94	20	**Global DOW**	1951.57	11.67	**11.67**	35.1	0.6	-1.3
2.49		**Asia/Pacific 600**	113.42	0.52	**0.52**	27.9	0.5	-6.1
1.79	0	**Emerging Markets**	271.89	1.10	**1.10**	85.4	0.4	5.2
2.25	45	**Asia/Pacific**	120.82	0.51	**0.51**	39.3	0.4	-4.0
2.52	17	**Asia/Pacific ex-Japan**	308.14	0.51	**0.51**	78.4	0.2	2.5
2.74	24	**Southeast Asia**	152.74	0.47	**0.47**	76.0	0.3	3.9
0.84	33	**CBN China 600** -c	28476.69	194.53	**194.53**	84.4	0.7	34.5
0.87	36	**Shanghai**	379.67	3.10	**3.10**	83.1	0.8	33.7
0.60	55	**Shenzhen**	402.08	3.82	**3.82**	113.5	1.0	40.2
2.10	21	**China Offshore 50**	4243.55	29.27	**29.27**	77.6	0.7	15.2
8.99	10	**Australia LPT** -c, d	1147.39	-9.58	**-9.58**	-5.3	-0.8	-19.1

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.18%	3	**Islamic Market**	1922.45	10.18	**10.18%**	37.4%	0.5%	-1.5%
2.51	15	**Islamic Market 100**	2070.93	10.71	**10.71**	25.1	0.5	-2.5
9.56	24	**Bahrain**	122.99	-1.50	**-1.50**	-28.6	-1.2	-12.6
2.75	32	**Kuwait**	202.55	-6.22	**-6.22**	-11.7	-3.0	-16.0
2.64	19	**Sustainability**	1011.28	4.69	**4.69**	37.3	0.5	-6.2
2.81	50	**Stoxx 600**	275.52	1.41	**1.41**	41.5	0.5	-7.1
4.95	13	**Stoxx Select Div 30**	1855.77	4.39	**4.39**	37.8	0.2	-18.6
4.20	16	**Euro Stoxx Sel Div 30**	2184.84	-4.78	**-4.78**	47.5	-0.2	-14.2
1.79	30	**DJ U.S. TSM**	11200.47	70.60	**70.60**	28.4	0.6	-7.0
4.11	15	**U.S. Select Dividend** -d	627.18	5.22	**5.22**	7.8	0.8	-10.3
4.75		**U.S. REIT**	136.69	1.87	**1.87**	30.5	1.4	-18.5
		DJ-UBS Commodity -p	131.68	0.21	**0.21**	6.1	0.2	-7.7

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: DowJones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.074	0.600	1.049	6.826	0.672	7.750	46.275	9374.71	89.675	1.349	1157.30	3.375	46.675	1.387	1.014	32.215	33.255
Australia	0.931		0.558	0.977	6.354	0.625	7.214	43.075	8726.45	83.474	1.255	1077.27	3.142	43.447	1.291	0.944	29.987	30.955
Britain	1.667	1.791		1.750	11.383	1.120	12.922	77.161	15631.86	149.529	2.249	1929.74	5.628	77.828	2.313	1.691	53.717	55.451
Canada	0.953	1.024	0.572		6.506	0.640	7.386	44.103	8934.67	85.466	1.285	1102.98	3.217	44.484	1.322	0.967	30.703	31.694
China	0.1465	0.157	0.088	0.154		0.098	1.135	6.779	1373.32	13.137	0.198	169.54	0.494	6.838	0.203	0.149	4.719	4.872
Euro	1.489	1.599	0.893	1.562	10.163		11.538	68.892	13956.60	133.504	2.008	1722.93	5.025	69.487	2.065	1.510	47.960	49.508
Hong Kong	0.129	0.139	0.077	0.135	0.881	0.087		5.971	1209.66	11.571	0.174	149.33	0.436	6.023	0.179	0.131	4.157	4.291
India	0.0216	0.0232	0.0130	0.0227	0.1475	0.0145	0.1675		202.59	1.9379	0.0291	25.01	0.0729	1.0086	0.0300	0.0219	0.6962	0.7186
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0096	0.0001	0.12	0.0004	0.0050	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.076	0.007	0.086	0.516	104.54		0.015	12.91	0.038	0.520	0.015	0.011	0.359	0.371
New Zealand	0.742	0.797	0.445	0.778	5.062	0.498	5.747	34.313	6951.35	66.494		858.14	2.503	34.610	1.028	0.752	23.887	24.659
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0400	8.10	0.0775	0.0012		0.0029	0.0403	0.0012	0.0009	0.0278	0.0287
Malaysia	0.296	0.318	0.178	0.311	2.022	0.199	2.296	13.709	2777.28	26.566	0.400	342.85		13.828	0.411	0.300	9.544	9.852
Philippines	0.021	0.023	0.013	0.022	0.146	0.014	0.166	0.991	200.85	1.921	0.029	24.79	0.072		0.030	0.022	0.690	0.712
Singapore	0.721	0.775	0.432	0.757	4.922	0.484	5.588	33.366	6759.47	64.659	0.972	834.45	2.434	33.654		0.731	23.228	23.978
Switzerland	0.986	1.059	0.591	1.035	6.731	0.662	7.641	45.627	9243.45	88.419	1.330	1141.10	3.328	46.021	1.367		31.764	32.789
Taiwan	0.031	0.033	0.019	0.033	0.212	0.021	0.241	1.436	291.00	2.784	0.042	35.92	0.105	1.449	0.043	0.031		1.032
Thailand	0.030	0.032	0.018	0.032	0.205	0.020	0.233	1.392	281.90	2.697	0.041	34.80	0.102	1.404	0.042	0.030	0.969	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 13, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	23	**ALL COUNTRY (AC) WORLD***	294.67	-0.90%	**29.4%**	24.8%
2.60	24	**World (Developed Markets)**	1,152.50	-0.83	**25.2**	20.4
1.90	1638	**World Small Cap**	184.24	-1.39	**37.3**	32.7
2.70	20	**Kokusai (World ex-Japan)**	1,145.04	-0.81	**28.3**	21.8
3.10	25	**EAFE**	1,581.11	-0.63	**27.8**	27.6
2.30	19	**Emerging Markets (EM)**	958.88	-1.36	**69.1**	68.1
2.70	24	**AC ASIA PACIFIC EX-JAPAN**	408.12	-0.66	**65.0**	67.5
2.20	25	**AC Far East ex-Japan**	436.96	-0.69	**60.2**	66.4
1.30	40	**Japan**	539.33	-0.33	**1.8**	0.1
2.10	20	**China**	65.58	-0.68	**60.8**	85.3
0.90	37	**China A (China Domestic)**	3,312.85	0.16	**91.0**	111.5
2.60	23	**Hong Kong**	10,157.02	-0.25	**55.0**	58.7
1.00	19	**India**	672.05	-1.08	**82.0**	75.6
0.90	24	**Korea**	446.72	-1.72	**45.5**	41.3
2.60	21	**Malaysia**	470.97	0.23	**46.6**	48.8
3.30	16	**Singapore**	1,524.90	-0.27	**53.0**	52.8
2.70	377	**Taiwan**	279.28	0.01	**61.1**	50.1
3.10	19	**Thailand**	284.34	-3.58	**53.6**	66.2
4.10	22	**Australia**	977.92	-0.20	**27.8**	18.0
5.10	17	**New Zealand**	87.47	0.55	**15.2**	11.5
1.90	32	**US BROAD MARKET**	1,198.05	-1.15	**22.0**	13.7
3.50	17	**EUROPE**	85.76	0.14	**23.5**	10.0

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MONEY & INVESTING

AHEAD OF THE TAPE

UBS to unveil turnaround plan

Can Oswald Grübel present a dramatic and convincing program for change?

BY DEBORAH BALL

Bloomberg News

UBS Chief Executive Oswald Grübel needs to integrate units, cut costs.

Tuesday is D-Day for **UBS** AG, when Chief Executive Oswald Grübel gives the first peek at how he plans to turn around the struggling Swiss banking giant.

Since taking over in February, Mr. Grübel has quietly started a head-to-toe restructuring of UBS, one of the banks hardest hit amid the global downturn. Tuesday, he will lead a full-day presentation in Zurich of his plans to turn around the group.

Interest in the presentation is sky-high, particularly on the back of disappointing third-quarter earnings the bank reported Nov. 3. UBS's investment bank, which has lost significant market share in fixed-income and equity trading, showed signs of stabilizing. But its huge private bank failed to stanch the outflow of clients amid a bruising battle with U.S. tax authorities over secret UBS offshore accounts.

The question now is whether Mr. Grübel will present a dramatic and convincing plan for change. The audience will be looking for Mr. Grübel to integrate UBS's disparate divisions and cut costs, while still paying enough to attract top bankers to revitalize the business.

The debut presentation by Robert McCann, a former executive at Merrill Lynch recruited just a month ago to head UBS's U.S. wealth-management unit, will also be a big focus. With questions swirling as to whether Mr. Grübel will sell the U.S. division in the longer term, investors will be looking to see Mr. McCann's plans to raise profits at the lagging unit and reverse an exodus of bankers there.

UBS shares, which closed down 1.9% at 17.10 Swiss francs ($16.80) Friday, are off from a peak of 19.65 francs at the end of August. A presentation that gives optimistic targets on profit and a turnaround in the exodus of private banking clients could spark a rally in the stock.

"In private banking, we need a credible plan showing that management knows what went wrong and that they have a clear idea of how to fix it," said Daniel Davies, a Credit Suisse analyst who has an outperform rating on the stock. "If they deliver the right presentation overall, the catalyst for the stock could be very material."

IN BRIEF

HSBC gets $1.3 billion for London headquarters

HSBC Holdings PLC agreed to sell its London headquarters building to the **National Pension Service** of Korea for £772 million ($1.3 billion).

The move to sell its 8 Canada Square property in Canary Wharf, London's financial area, comes a month after the bank announced the sale of its New York headquarters to Israeli investment holding company **IDB Group** for $330 million.

HSBC will remain in the building, and control its occupancy, paying a rent of £46 million a year, the bank said.

The bank said Friday it would book a £350 million gain on the deal. It also has put up for sale a Paris building located on Avenue des Champs-Élysées.

Resourcehouse plans IPO, could raise $2.5 billion

Resourcehouse Ltd., controlled by Australian mining billionaire Clive Palmer, plans to raise $2.5 billion in a Hong Kong initial public offering later this month, a person familiar with the situation said Friday.

IPO underwriters Macquarie Group Ltd. and UBS AG are holding informal talks with potential investors until Nov. 20.

The start date for order-taking has yet to be confirmed, the person said.

"We are still working on the investor-education stage, as investors may not be familiar with the company and there is no directly comparable company in the market," the person said.

Resourcehouse has a thermal coal project in the Galilee Basin of Queensland state in Australia and an iron-ore project in Western Australia state, he said.

Singapore's wealth fund buys 6.9% of Hyatt Hotels

Government of **Singapore Investment Corp.** has bought three million common Class-A shares in **Hyatt Hotels** Corp., representing a 6.9% stake in the company, according to a filing with the U.S. Securities and Exchange Commission.

Hyatt Hotels offered 38 million shares at $25 each in an initial public offering earlier this month. All the shares in the offering came from the Pritzker family, the company's founding family.

GIC couldn't be reached for comment.

The sovereign-wealth fund, which manages Singapore's foreign-exchange reserves, recently invested $50 million in Chongqing-based **Longfor Properties** Co.'s $912 million Hong Kong IPO.

GIC is the world's fourth-largest sovereign-wealth fund in terms of money managed, according to Deutsche Bank, with high-profile investments in financial institutions such as Citigroup Inc. and Zurich-based UBS.

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China's gravy train: down the line

In China, it's the age of the train.

Building out the country's rail network is a cornerstone of Beijing's fiscal stimulus plan. Nearly $90 billion is budgeted for spending on railway construction this year and next, with a further $15 billion to go on vehicle procurement in each year.

Naturally, this is a boon for the limited number of companies involved. **China Railway Group** last week said it recently signed an additional $2 billion worth of contracts with the government. It, and rival **China Railway Construction**, dominate the market for laying down the tracks.

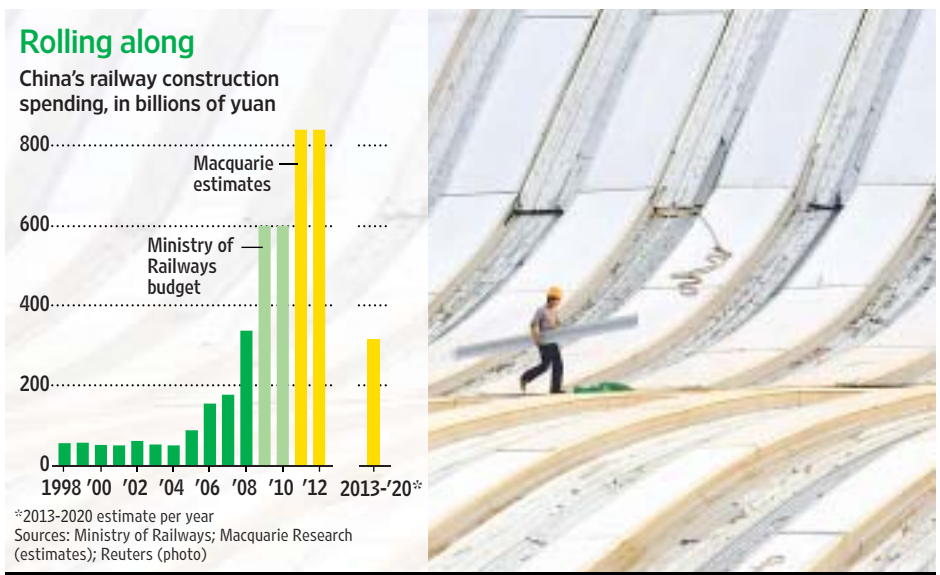
Shares of both are listed in Hong Kong, but sticking with the companies building the rail network is no longer the best way for investors to profit from China's rail expansion.

Instead it's those further down the line, so to speak, that could yield better returns. **China Southern Locomotive**, for example, is one of only two companies that make the trains for China's railways. CSL could benefit more readily from any increase in rail demand as that leads to further orders for trains in the coming years. Given the high-quality of Chinese high-speed trains now, and low labor costs in China, there's potential for more demand from countries like Russia and Australia.

Another company is **China Automation Group**, which makes control systems for railroad traffic signals. Revenue should grow at a compound annual growth rate of 40% to 50%, Macquarie Research says.

Unlike more speculative areas of the Chinese economy, this is where companies involved can have a lot of certainty that the government will follow through with its plans.

For investors, it's not too late to catch a ride.



A worker walks on the roof of the Wuhan Railway Station, which is under construction.

Shinsei, Aozora clean up, but aren't doing so equally

The former wild children of Japan's commercial banking world, **Shinsei Bank** and **Aozora Bank** are trying to clean up their acts ahead of a planned union next year. Despite appearances to the contrary, one of them is having more success than the other.

Both banks posted profits for the six months through September. This comes after losing a combined $4.3 billion in the year through March on risky bets that went horribly wrong: everything from collateralized-loan obligations to hedge-fund investments to a GMAC stake.

At Aozora, it seems the transformation to a plain-vanilla bank is going more smoothly.

Net interest margins expanded, in part because the bank generated more funding from retail deposits. Rather than mostly collecting deposits for their funding needs, the banks historically relied more on debentures, which are more expensive and proved a problem when credit-markets seized up.

At Shinsei, conversely, nonrecurring items drove the results; two items totaled $258 million, more than twice what the bank reported as earnings. Fee income dropped, unlike at Aozora, and **Nomura Securities** estimates that profits from core banking operations fell sharply.

To be sure, both Shinsei and Aozora are quickly putting their financial high-wire acts behind them, shrinking overhead costs and risk assets, and expanding their deposit base.

Still, if these two are going to get themselves looking more like Japan's other commercial banks, rather than the hedge funds they once emulated, more work remains.

The banking duo are planning to merge next year in a one-for-one exchange of stock. It's far too soon, though, to call this a merger of equals.

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